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No.

In the Supreme Court of the United States

NISSAN MOTOR CO., LTD., AND
NISSAN NORTH AMERICA, INC.,
PETITIONERS,

v.

NISSAN COMPUTER CORPORATION, AND
THE INTERNET CENTER, INC.,
RESPONDENTS.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

MARK A. FLAGEL
COUNSEL OF RECORD
LATHAM & WATKINS LLP
633 WEST FIFTH STREET
SUITE 4000
LOS ANGELES, CA 90071
(213) 485-1234

KEVIN A. RUSSELL
MATTHEW W. WALCH
B. JOHN CASEY
LATHAM & WATKINS LLP
SEARS TOWER, SUITE 5800
233 SOUTH WACKER DRIVE
CHICAGO, IL 60606
(312) 876-7700

QUESTIONS PRESENTED

1. Whether a third party's use of an Internet domain name consisting solely of a famous trademark as a gateway to a website containing disparaging commentary about the trademark owner constitutes commercial speech that may be enjoined under the Lanham Act.

2. Whether a court can enjoin a third party's use of an Internet domain name consisting solely of another party's famous trademark without violating the First Amendment.

3. Whether a third party infringes a trademark by using that mark as an Internet domain name to divert consumers looking for the trademark owner's products to a website that instead offers or promotes unrelated products or services.

RULE 29.6 STATEMENT

Petitioner Nissan Motor Co., Ltd. ("Nissan Motor") is a Japanese corporation. Nissan Motor has no parent corporation. Renault SA, a French company, is the only publicly held company that owns more than 10% of Nissan Motor's stock. Petitioner Nissan North America ("NNA") is a California corporation. Nissan Motor is the parent corporation of NNA. No other publicly held company owns 10% or more of NNA's stock.

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OPINIONS BELOW

The Ninth Circuit's opinion (Pet. App. 3a-27a) is reported at 378 F.3d 1002. The district court's opinion entering a preliminary injunction against Nissan Computer Corporation (Pet. App. 98a-116a) is reported at 89 F. Supp. 2d 1154. The Ninth Circuit's opinion affirming the district court's entering of the preliminary injunction (Pet. App. 95a-97a) is unreported. The district court's summary judgment opinion on the trademark infringement issue (Pet. App. 76a-94a) is unreported. The district court's summary judgment opinion on the trademark dilution issue (Pet. App. 45a-75a) is unreported. The district court's opinion entering a permanent injunction against Respondents (Pet. App. 37a-44a) is reported at 231 F. Supp. 2d 977. The district court's order denying Respondents' motion to stay a portion of the permanent injunction pending appeal on First Amendment grounds (Pet. App. 28a-36a) is unreported.

JURISDICTION

The Ninth Circuit denied Petitioners' petition for rehearing or rehearing en banc on September 23, 2004. Pet. App. 117a-119a. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Appendix (Pet. App. 120a-122a) reproduces the First Amendment to the United States Constitution and relevant portions of Sections 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114(1)(a), 1125(a)(1), 1125(c)(1), (3) and (4).

STATEMENT OF THE CASE

Respondents used two Internet domain names consisting solely of Petitioners' famous NISSAN trademark (*i.e.*, "nissan.com" and "nissan.net") as vehicles to promote their own local computer-related goods, sell third-party advertising and disparage Nissan and its products. Because the vast majority of the consumers accessing these sites expected to be routed to websites sponsored by or affiliated

with Petitioners, Respondents have traded on the goodwill and commercial expectations of consumers, thereby diluting and infringing the NISSAN mark.

In its August 6, 2004 decision, however, the Ninth Circuit found certain uses of the domain names by Respondents to be neither infringing nor dilutive under the Lanham Act. Specifically, it found that Respondents' use of "nissan" domain names as gateways to links disparaging Nissan was not dilutive on the grounds that such conduct, in its view, was non-commercial and protected by the First Amendment. The Ninth Circuit also held that Respondents' use of the domain names as vehicles to display non-automobile-related advertising did not infringe Nissan's mark because Respondents would not benefit from diverted consumers viewing such content.

The Ninth Circuit's rulings on these issues are inconsistent with precedent from other courts of appeals and district courts and raise issues of paramount importance to both trademark owners and consumers looking to use the Internet efficiently and without confusion. For these reasons, as explained in more detail below, the Court should grant this petition for certiorari.

A. Factual Background

Nissan Motor Company ("Nissan Motor") is one of the largest and most successful automakers in the world. Its subsidiary, Nissan North America, Inc. ("NNA"), markets and distributes Nissan Motor vehicles in the United States. Nissan Motor and NNA will be referred to collectively herein as "Nissan."

Nissan Motor owns, and NNA is the North American licensee of, various registered trademarks featuring the word NISSAN in connection with automobiles and other vehicles. Nissan Motor registered the first such trademark in the United States in 1959, and that registration and others incorporating the NISSAN mark

have since become incontestable. Between 1985 and 1991, Nissan Motor sold almost five million vehicles under its NISSAN marks and spent almost $900 million advertising those marks in the United States. Through such use and advertising, Nissan Motor built up substantial goodwill and consumer recognition in the NISSAN marks by 1991. This goodwill and consumer recognition has only continued to grow over the past thirteen years as a consequence of Nissan's consistent and pervasive use of those marks.

Nissan Computer Corporation ("NCC") was created in 1991 by its sole shareholder, Uzi Nissan, to sell computer goods and services in Raleigh, North Carolina. In 1994, NCC registered the Internet domain name "nissan.com." In 1995, despite Nissan's letter to NCC expressing "great concern" about NCC's use of Nissan's federally protected trademark as the domain name for NCC's website, NCC registered another domain name using the NISSAN mark, "nissan.net."

For several years, NCC used the "nissan.com" and "nissan.net" domain names only to identify websites advertising its limited local computer business. In August 1999, however, NCC changed its "nissan.com" website into a general and nationwide advertising vehicle, displaying third-party banner advertisements and web links to numerous varied businesses, including companies engaged in the automobile industry. Among the advertisers featured on NCC's website were AutoNationDirect.com, AutoVantage.com, Cartrackers.com, goto.com, Barnes & Noble and C/Net. The economics were simple: NCC received a payment of $.03 to $.06 each time a user visiting the website accessed through the "nissan.com" domain name clicked one of these third-party advertisements.

On December 10, 1999, Nissan filed suit against NCC in the United States District Court for the Central District of California claiming, *inter alia*, that NCC's use of the "nissan.com" and "nissan.net" domain names infringed and

diluted Nissan Motor's NISSAN trademark in violation of federal and state law.

B. Procedural Background

1. Three months after Nissan filed suit against NCC, the district court granted Nissan's motion for a preliminary injunction. The court required NCC to post captions and disclaimers on the "nissan.com" and "nissan.net" websites and enjoined NCC's display of automobile-related content or links on those websites. Pet. App. 115a-116a. The Ninth Circuit affirmed, finding that "NCC clearly altered its website so as to capitalize on 'initial interest confusion' of consumers who visited the websites looking for [Nissan's] products." *Id.* at 96a.

2. After this injunction had been entered, NCC included a reference to the lawsuit and a link on the "nissan.com" and "nissan.net" websites to another website that contained disparaging content directed at Nissan. Pet. App. 6a. This linked website—identified by the domain name "ncchelp.org"—urged consumers to "boycott" Nissan, accused Nissan of "economic terrorism," and likened Nissan to Osama Bin Laden. It also displayed hundreds of critical comments about Nissan from consumers who had allegedly accessed the site and communicated those comments to NCC. *Id.* at 67a-68a. Despite the preliminary injunction, the "ncchelp.org" website also included links to automobile and non-automobile-related advertising administered by NCC's affiliate The Internet Center, Inc. ("TIC"), which corporation was ultimately adjudged by the district court to be NCC's alter ego. *Id.* at 6a. NCC advised consumers that they should "click" the third-party advertising displayed by TIC, including the advertising promoting automobile-related businesses, to help NCC in its litigation against Nissan. *Id.* In response, Nissan amended its suit to include TIC as a defendant.

3. Ruling on the parties' cross motions for partial summary judgment on Nissan's trademark infringement claim, the district court held that Respondents' automobile-related advertising constituted trademark infringement on the basis of initial interest confusion. Pet. App. at 94a. The district court specifically found that, "[w]hether or not a visitor to the defendant's website ultimately makes an automobile purchase from an advertiser, the defendant profits from the visitor's initial interest confusion." *Id.* at 91a. "By posting automobile-related links and advertisements," the court explained, "the defendant derives advertising revenue due to the diversion of a consumer's initial interest in Nissan's vehicles.... [T]he defendant is improperly appropriating the plaintiffs' goodwill. Thus, in regards to its auto related Internet activity, the defendant's 'product' as of August 1999, is the exploitation of customer confusion." *Id.* at 91a-92a.

4. NCC was likewise deriving revenue from its non-automobile-related commercial advertisers, by drawing misled customers to the advertisers' banners and web links and earning fees for every customer "click." Yet, the district court concluded that this use of the NISSAN mark was not infringing, because the content of those banners and web links—the non-automobile-related goods and services advertised—was unrelated to products offered by Nissan. Pet. App. at 88a.

5. In a later summary judgment ruling, the district court determined that NCC's use of "nissan.com" diluted the distinctive quality of Nissan Motor's famous NISSAN mark under the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c)(1) of the Lanham Act ("FTDA"), as well as the California analogue, Cal. Bus. & Prof. Code § 14330. Pet. App. at 75a. The court explained as follows:

> NCC's use of the 'Nissan' mark as a domain name 'whittles away' the distinctiveness of the 'Nissan' mark and the ability of the mark

> to serve as a unique identifier of Nissan's products. The plaintiffs submitted evidence demonstrating that *92% of Internet users expect to find Nissan, the car company, or a car company when they visit 'Nissan.com.'* ...In contrast, fewer than 2% of those persons who type in 'www.nissan.com' directly would expect to find a company selling computers.... This evidence supports the inference that NCC's use of the 'Nissan' mark as a domain name, thus excluding the plaintiffs from using the mark as an address and an identifier on the internet, has a significant dilutive effect.

Id. at 65a (emphasis added) (citations omitted).

6. Nissan then moved for a permanent injunction under the FTDA, seeking, *inter alia*, an order requiring Respondents to refrain from commercial use of the websites in question—including the links to commentary disparaging Nissan. *See* Pet. App. at 38a-39a. The district court granted Nissan's motion, permanently enjoining Respondents from posting any commercial content at "nissan.com" and "nissan.net." *Id.* at 43a-44a. It went on to specifically enjoin certain examples of such conduct, including Respondents' use of those "nissan" websites to route customers to other websites that contained disparaging remarks or negative commentary about Nissan Motor. *Id.* The district court concluded that such use was commercial within the meaning of the FTDA, because using websites whose domain names consisted solely of the famous NISSAN mark to route confused customers to commentary critical of Nissan Motor unfairly exploited Nissan's goodwill. *Id.* at 42a.

7. In a subsequent ruling denying Respondents' motion for a stay pending appeal of this portion of the permanent injunction, the district court concluded that the

First Amendment was not implicated by the injunction because the "nissan.com" and "nissan.net" domain names were deceptive source identifiers. The district court observed that "[i]t is the particular coupling of disparaging remarks with the visitors' expectations of finding Nissan Motor that makes such conduct commercial... Here, the unlawful use of the mark is its presence as the *domain name*, not simply its presence in any disparaging comments." Pet. App. 32a-33a (emphasis added). The court explained that the "offending conduct...is *not* the use of the mark within the disparaging commentary, but rather the use of the mark in the domain name.... In sum, the injunction does not limit NCC's ability to criticize, satirize, parody, or disparage Nissan Motor. Instead, it simply removes the element of that speech (namely, the use of nissan.com and nissan.net as a vehicle for such speech) that makes the speech commercial within the meaning of the FTDA." *Id.* at 34a-35a (emphasis in original).

8. The Ninth Circuit affirmed in part and reversed in part. It reversed the district court's finding that the NISSAN mark was famous for dilution purposes because the district court improperly measured fame as of 1994, not 1991. The Ninth Circuit remanded that issue, along with the question whether NCC had actually "diluted" the NISSAN mark under *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). Pet. App. 27a. The Ninth Circuit also reversed the district court's entry of a permanent injunction on the grounds that the injunction "violate[d] the First Amendment to the extent that it enjoin[ed] the placing of links on nissan.com to sites with disparaging comments about [Nissan]" and because the commentary was non-commercial expression and hence not subject to the anti-dilution provisions of the Lanham Act. *Id.* at 23a.

The Ninth Circuit affirmed the district court's holding on the infringement issue, agreeing that NCC's placement of automobile-related advertisements on its

"nissan.com" website infringed Nissan's mark but that the non-automobile advertisements did not. *Id.* at 26a.

REASONS FOR GRANTING THE WRIT

Respondents have used the famous NISSAN trademark in their domain names to misrepresent the source of their websites. They have done so to divert consumers looking for Nissan's website to content, including commercial disparagement, that is not authorized by or affiliated with Nissan in any respect. Respondents' misleading use of these domain names raises three issues of critical importance concerning the application of the Lanham Act and the First Amendment to the Internet, namely (1) whether use of the domain names is commercial and, hence, subject to the Lanham Act's dilution provision; (2) whether use of the domain names to disparage Nissan is protected by the First Amendment; and (3) whether use of the domain names to divert consumers looking for Nissan on the Internet to websites offering or advertising unrelated goods and services constitutes trademark infringement.

The Ninth Circuit erred in its adjudication of each of these issues. First, Respondents' use of domain names consisting solely of NISSAN's famous trademark is necessarily commercial and subject to the Lanham Act's dilution provision because, in today's world of Internet commerce, a trademark used as a domain name expresses the message "this is the trademark owner's official website, where consumers may learn about the trademark owner's products and services." By Respondents' use of these domain names, consumers seeking out Nissan's official website for purposes of entering into a commercial transaction with Nissan are instead diverted to Respondents' websites, which contain other commercial content.

Second, Respondents' use of these domain names is entitled to no protection under the First Amendment because the use of these domain names misrepresents the

source of Respondents' websites' content. The First Amendment does not protect such misleading speech.

Third, Respondents' use of the NISSAN trademark in their Internet domain names to divert consumers to their websites for their commercial benefit is precisely the sort of misappropriation of a trademark owners' goodwill that the infringement provisions of the Lanham Act are intended to prohibit, regardless of the nature of the goods, services, or advertising that Respondents offer at their websites.

This Court should grant Nissan's petition for certiorari because all three of these issues on which the Ninth Circuit grievously erred are issues of critical importance to trademark owners, Internet users and parties interested in using or referring to another's trademark on the Internet. Unless reversed by this Court, the Ninth Circuit's decision opens the gates to massive abuse of trademark owners' rights on the Internet, as the Ninth Circuit has effectively authorized a party to use another's trademark in a manner calculated to mislead consumers and reap a commercial benefit through such deception. Moreover, the first two issues are the subject of substantial confusion in the circuits and among the district courts. Indeed, the Ninth Circuit's ruling that Respondents' misleading use of Nissan's trademark is noncommercial speech protected by the First Amendment is in direct conflict with decisions of the Fourth and Eighth Circuits. Resolution of these issues by this Court would provide certainty to interested parties and the courts below and eliminate the threat of consumer confusion and trademark dilution on the Internet posed by the decision of the Court of Appeals.

A. The Court Should Grant The Petition For Certiorari To Determine Whether Use Of A Famous Trademark As An Internet

Domain Name Constitutes Commercial Speech Under The Lanham Act.

1. *Respondents' Use Of "nissan.com" And "nissan.net" As Internet Domain Names Is Commercial.*

Section 43(c) of the Lanham Act provides a cause of action for trademark dilution only against offending *commercial* speech. *See* 15 U.S.C. § 1125(c)(1) & (3) (the owner of a famous mark can obtain an injunction "against another person's *commercial use* in commerce of a mark or trade name") ("The following shall not be actionable under this section:...(B) Noncommercial use of a mark...."). *See Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1435 (S.D.N.Y. 1997), *aff'd*, 152 F.3d 920 (Table) (2d Cir. 1998), *cert. denied*, 525 U.S. 834 (1998); *see also* 141 Cong. Rec. S19306, S19310 (daily ed. Dec. 29, 1995) (reprinted at 43-327) (Section 43(c) of the Lanham Act "would not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.").

This Court articulated the distinction between commercial and non-commercial speech in *Va. State Bd. Of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762-73 (1976), defining as commercial speech that which "does no more than propose a commercial transaction." *Id.* at 1762; *see also Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n of New York*, 447 U.S. 557, 562-63 (1980). Under that definition, the use of an Internet domain name that consists solely of a famous trademark—like "nissan.com"—is necessarily a form of commercial speech. This is so because, as a matter of common usage and understanding, a famous trademark used as an Internet domain name says "this is the gateway to the official website of the owner of the trademark, where consumers can learn more about the owners' goods or services." Correspondingly, consumers access such domain names with

the expectation that they will find content relating to a potential transaction with the famous trademark owner. When consumers (who have, by accessing the website, demonstrated their interest in the trademark owner's goods or services) are instead subjected to content that disparages the trademark owner, the trademark owner is harmed commercially. Indeed, the negative commentary may be—and in this case was—intended to cause commercial harm.

The Ninth Circuit failed to appreciate the commercial nature of a third party's use of another's famous trademark as an Internet domain name because it erroneously focused on the speech at the website rather than the source-identifying message conveyed by the domain name itself. That message, however, is inherently commercial and, when hijacked by a third party, is misleading commercial speech.

2. *The First Amendment Classification Of Trademarks Used As Internet Domain Names Is A Matter Of Substantial Confusion In The Lower Courts.*

The lower courts have disagreed sharply about whether the use of a trademark as an Internet domain name constitutes commercial speech under the Lanham Act. As explained below, courts in the Second, Third and Eighth Circuits have found such speech to be commercial, courts in the Fourth, Sixth and Ninth Circuits have found such speech to be non-commercial, and courts in the Fifth Circuit have found the speech to be both commercial and non-commercial.

a. *Circuits Where The Use Of A Trademark As A Domain Name Is Commercial.*

(1) The Second Circuit. In *Planned Parenthood*, the district court found that the use of the domain name

"plannedparenthood.com" and the posting of anti-abortion commentary at the website identified by that domain name was necessarily commercial. The court stated:

> [D]efendant's use is commercial because of its effect on plaintiff's activities. First, defendant has appropriated plaintiff's mark in order to reach an audience of Internet users who want to reach plaintiff's services and viewpoint, intercepting them in an attempt to offer his own political message. Second, defendant's appropriation not only provides Internet users with competing and directly opposing information, but also prevents those users from reaching plaintiff and its services and message. In that way, defendant's use is classically competitive: he has taken plaintiff's mark as his own in order to purvey his Internet services – his web site – to an audience intending to access plaintiff's services.

42 U.S.P.Q.2d at 1436.

Citing *Planned Parenthood*, the United States District Court for the Western District of New York similarly found a defendant's registration and use of a trademark as a domain name to be commercial because, *inter alia*, those actions were "designed to, and do, harm plaintiff commercially." *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 192 (W.D.N.Y. 2000).

(2) The Third Circuit. In *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998), *aff'd*, 159 F.3d 1351 (3d Cir. 1998) (table decision), the district court found the defendant's use of the domain name "jewsforjesus.org" to "lure individuals to [the defendant's] Internet site where he makes disparaging statements about the Plaintiff Organization" to be commercial and in violation of the

Lanham Act. 993 F. Supp at 307. In so finding, the court noted that the website:

> is designed to harm the Plaintiff Organization by disparaging it and preventing the Plaintiff Organization from exploiting the Mark and the Name of the Plaintiff Organization.... In addition, the Defendant's Internet site has and will continue to inhibit the efforts of Internet users to locate the Plaintiff Organization Internet site.

Id. at 308.

(3) The Eighth Circuit. In *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 787-88 (8th Cir. 2004), the Eighth Circuit indicated that the non-commercial parody defense did not apply to the use of various domain names incorporating famous trademarks because the domain name owner was using such trademarks to take advantage of consumers' expectations and the content accessible through those domain names had a commercial impact on the trademark owner.

b. *Circuits Where Use Of A Trademark As A Domain Name Is Treated As Non-Commercial.*

(1) The Fourth Circuit. In a case involving contempt proceedings arising from an infringement claim, the Fourth Circuit found the use of a domain name consisting solely of a trademark to criticize the trademark owner to be non-commercial use for purposes of a First Amendment analysis in *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 462-63 (4th Cir. 2000).

(2) The Sixth Circuit. In *Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003), the Sixth Circuit concluded that the use of a domain name consisting solely of plaintiff's trademark was non-commercial so long as the website

identified by that domain name did not include any commercial links and any advertising.

(3) The Ninth Circuit. The Ninth Circuit held in this case that: "[n]egative commentary about Nissan Motor does more than propose a commercial transaction and is, therefore, non-commercial." Pet. App. 22a (citation omitted).

c. *Circuit Where Use Of A Trademark As A Domain Name Has Been Treated As Both Commercial And Non-Commercial.*

(1) The Fifth Circuit. In *TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004), the Fifth Circuit held that the registration of a domain name to post critical commentary about a home builder at a website featuring one of the builder's trademarks constituted non-commercial use of the domain name. The court found that, while the defendant had used trademarks to draw more people to his site so that they could see his story, his intent did not make the site commercial. *See id.* at 438. However, in *E. & J. Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270 (5th Cir. 2002), the Fifth Circuit found use of a domain name consisting of a GALLO trademark and the placement of critical commentary on that site after the litigation had commenced to be commercial use of the domain name. *Id.* at 275-76 & n.3.

The foregoing demonstrates the substantial conflict and confusion among seven circuits regarding whether or not the use of a domain name consisting solely of another party's trademark is commercial. Such conflicts and confusion can only be resolved by this Court's review.

3. *The Proper Treatment Of Trademarks Used As Internet Domain Names Is Critically Important To Trademark Owners And Their Internet Customers.*

Respondents' use of Nissan's famous trademark in these Internet domain names is precisely the type of activity that the FTDA was designed to prohibit. *See* 15 U.S.C. § 1125(c)(1). Congress enacted that provision to prevent the "whittling away" of the distinctiveness of a mark and to protect the ability of the mark to serve as a unique identifier of goods and services. *See* Pet. App. at 12a, 65a. When considering the sheer number of individuals who are connected to the Internet on a daily basis, its enormous and expanding effect on commerce and the common assumption of Internet users that the use of ".com" and ".net" after a company's name will bring them to that company's home page, it is difficult to imagine a more damaging example of dilution of a famous trademark's distinctive value. Indeed, every time an Internet user logs onto the "nissan" domain names with the expectation that she will be entering Nissan's website, the ability of the NISSAN mark to serve as a unique identifier of Nissan's products decreases. Resolution of this issue, therefore, is critical to defining the scope of the FTDA and to protecting the rights of famous trademark owners and the expectations of consumers with respect to such trademarks.

To ensure consistent, objective and fair application of the FTDA, this Court should intervene to eliminate the uncertainty and confusion caused by the Ninth Circuit's decision, among others, and recognize that the use of an Internet domain name as a vehicle to disparage the owner of a famous trademark is necessarily commercial. This Court's intervention would assist businesses and individuals in understanding how they may use trademarks on the Internet and when such use by unrelated parties would be

actionable under the FTDA. Perhaps most importantly, such intervention will promote the interests of consumers who, when looking for the owners of famous marks on the Internet, are instead exposed to other products or services or commentary about the owners of famous marks.

B. The Court Should Grant The Petition For Certiorari To Determine Whether Or Not Use Of A Domain Name Consisting Solely Of A Famous Trademark As A Vehicle To Deceive Consumers Is Protected By The First Amendment.

NCC's use of the famous NISSAN trademark to route unsuspecting consumers seeking Nissan's official website instead to a site advertising others' wares and services and disparaging the company is a form of fraud entitled to no constitutional protection. The Ninth Circuit's conclusion otherwise (Pet. App. at 21-23a) misapplies well-established legal principles, creates conflict among the courts of appeals and, if not corrected, will cause substantial harm to famous trademark owners and the consuming public.

1. *The Ninth Circuit's First Amendment Analysis Is In Error.*

The Ninth Circuit held that the district court's permanent injunction was an impermissible content-based restriction because it goes beyond "control of the Nissan name as a source identifier" by "enjoin[ing] certain content on the nissan.com website." Pet. App. at 20a. Because the communicative message is constrained, the court held that the First Amendment is implicated. *Id.* This analysis is erroneous as a matter of fact and law.

For commercial speech to be protected under the First Amendment, the speech cannot be misleading or promote an unlawful activity. *See Central Hudson Gas & Elec. Corp.*, 447 U.S. at 562-64. If a mark is used to

misrepresent the source and quality of the goods or services, the use of the mark is generally deemed misleading and the free-speech inquiry is over. *See, e.g., San Francisco Arts & Aths., Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 541 (1987) ("The mere fact that the SFAA claims an expressive, as opposed to a purely commercial, purpose does not give it a First Amendment right to 'appropriat[e] to itself the harvest of those who have sown.'"). In this case, Nissan has already established that Respondents misled consumers into accessing Respondents' websites through their use of the NISSAN trademark. The First Amendment protects Respondents' ability to criticize Nissan, but it does not protect their misleading use of Nissan Motor's trademark to route consumers to that critical commentary.

Professor McCarthy incisively summarizes these concepts in his trademark treatise:

> The concern for accommodating free speech has been extended to the use of the mark of a company that is the target of a critical website in the domain name or in the metatag of the website.
>
> *But domain names are different.* Most cases have held that regardless of free speech principles, a website containing criticism of a company or an organization cannot be identified by a domain name confusingly similar to the name or trademark of the target group. The right to disseminate criticism on the Internet cannot trump the public's right not to be deceived by a confusingly similar domain name. And the critic has no free speech "right" to confuse web users into thinking that they are entering a website of the target in order to expose them to the defendant's message of criticism of the target.

5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 31:148.1, at 31-248 (4th ed. 2004) (emphasis supplied) (citing *Jews for Jesus*, 993 F. Supp. 282; *Planned Parenthood*, 42 U.S.P.Q.2d 1430; *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001); *OBH*, 86 F. Supp. 2d 176). The Eighth Circuit has further elaborated on these concepts outside of the Internet context in its *Coca-Cola* decision:

> The question raised in this case is whether the First Amendment protects a misleading use of the plaintiffs' marks in domain names to attract an unwitting and possibly unwilling audience to Purdy's message. Use of a famous mark in this way could be seen as the information superhighway equivalent of posting a large sign bearing a McDonald's logo before a freeway exit for the purpose of diverting unwitting travelers to the site for an abortion rally.

Coca-Cola Co., 382 F.3d at 787. In sum, unrestricted speech can lawfully occur on a limitless number of Internet websites, but a party has no First Amendment right to misdirect consumers looking for the famous trademark owner to that speech by using that owner's trademark without authorization. This is so because that domain name's use inherently misrepresents the source of the speaker.[1] It does not communicate information that the speaker has a right to convey.[2]

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1 On these bases, most courts have distinguished between the use of domain names *consisting* of the trademark to criticize its owner from the use of domain names that *themselves criticize* the trademark. Use of "chevroletsucks.com" would be permissible non-commercial disparagement, but disparaging Chevrolet on "chevrolet.com" would not. *See Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1165

2. *The Ninth Circuit's Decision Exacerbates A Split Among The Courts Of Appeals.*

The Ninth Circuit's decision is in direct conflict with several other courts of appeals. In particular, the Eighth Circuit in *Coca-Cola* held that domain name owners do *not* have a constitutional right to use a trademark to expose consumers looking for the trademark's owner to critical speech. *Id.* at 787-88 (While the defendant has a "right to express his [anti-abortion] message over the Internet, he has not shown that the First Amendment protects his appropriation of plaintiffs' marks in order to spread his protest message by confusing Internet users into thinking that they are entering one of plaintiffs' websites.").

In *PETA*, the Fourth Circuit similarly rejected the defendant's parody defense with respect to commentary included at his "peta.org" website because it found no First Amendment right to misdirect the public to critical commentary through the misleading use of a domain name. The court explained:

> The domain name conveys the first message; the second message is conveyed only when the viewer reads the content of the website.

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n.2 (C.D. Cal. 1998) ("ballysucks.com"); *Ford Motor Co. v. 2600 Enters.*, 177 F. Supp. 2d 661, 662 (E.D. Mich. 2001) ("fuckgeneralmotors.com").

2 The Ninth Circuit also erred to the extent it found that the district court's injunction "does not enjoin use of nissan.com, but enjoins certain content on the nissan.com website." Pet. App. 20a. The district court explicitly enjoined only the commercial use of "nissan.com." The injunction set forth five prohibition points. *Id.* at 43a-44a. Point one enjoined NCC from "[p]osting commercial content at nissan.com and nissan.net." *Id.* At 43a. The remaining four points enumerated specific *types* of such prohibited commercial use, namely advertising, disparagement, or links to either such use. *Id.* at 43a-44a. These commercial uses were separately clarified in the injunction because they were the actual dilutive uses being disputed by the parties.

> As the district court explained, "an internet user would not realize that they were not on an official PETA web site until after they had used PETA's Mark to access the web page 'www.peta.org'." Thus the messages are not conveyed simultaneously and do not constitute a parody.

263 F.3d at 366-67.

Other courts similarly have acknowledged that domain names consisting entirely of a trademark *necessarily* serve as source or sponsor identifiers. *See, e.g., Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998) ("We reject [the] premise that a domain name is nothing more than an address. A significant purpose of a domain name is to identify the entity that owns the website."); *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997), *aff'd*, 129 F.3d 1258 (4th Cir. 1997) ("[A] domain name is more than a mere internet address. It also identifies the internet site to those who reach it, much like...a company's name identifies a specific company."). As a consequence, misleading use of such domain names is not protected by the First Amendment. *See OBH, Inc.*, 86 F. Supp. 2d at 197-98 ("Use of another's trademark is entitled to First Amendment protection only when the use of that mark is part of a communicative message, not when it is used merely to identify the source of a product."); *see also Jews for Jesus*, 993 F. Supp. at 308; *Planned Parenthood*, 42 U.S.P.Q.2d at 1440; *PETA*, 263 F.3d at 366-67.

This Court should reject the reasoning of the Ninth Circuit and embrace the holdings of the Fourth and Eighth Circuits which properly found that courts may enjoin dilutive uses of trademarks on the Internet without implicating the First Amendment.

3. *The Proper Scope Of The First Amendment In Disputes Over Internet Domain Names Is A Critical Issue Affecting Trademark Owners, Businesses and Internet Users Alike.*

The impact of the First Amendment on a party's use of trademarks as Internet domain names is also a critical issue that should be addressed by this Court. The First Amendment cannot be used as a shield to protect the confusing and dilutive use of domain names to *misrepresent* the source of the content displayed at a website and *attract* users looking for the website of a famous trademark owner. The confusion in the law caused by the Ninth Circuit's decision creates harmful uncertainty and encourages forum shopping with respect to Internet-related Lanham Act claims. This Court should grant Nissan's petition and correct the Ninth Circuit's erroneous application of the First Amendment.

C. The Court Should Grant The Petition For Certiorari To Determine Whether Unauthorized Exploitation Of Another Party's Trademark In An Internet Domain Name To Capture The Attention Of Consumers And To Reap A Commercial Benefit Constitutes Trademark Infringement.

1. *Trademark Infringement Through "Initial Interest Confusion"*

The Lanham Act prohibits a party from using another's trademark "in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion." *See* 15 U.S.C. § 1114(1)(a); *see also* 15 U.S.C. § 1125(a)(1). Numerous federal courts interpreting the Lanham Act have recognized a type of trademark

infringement based on the concept of "initial interest confusion." *See, e.g.*, Pet. App. at 24a; *see generally* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 23:6, at 23-22 (4th ed. 2004) ("Most courts now recognize the initial interest confusion theory as a form of likelihood of confusion which can trigger a finding of infringement.").

As the district court stated, the concept of "'initial interest confusion' ... permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion." *See* Pet. App. at 83a (citing *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999)); *see also* Pet. App. at 24a ("Initial interest confusion occurs when the defendant uses the plaintiff's trademark in a manner calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion.") (citations omitted). To prevail under such a theory, a plaintiff does not need to prove a likelihood of confusion as to the source of the products or services, but instead only that the party misappropriating the trademark is trading on the goodwill of the mark's owner by capturing the initial interest of consumers through use of that mark. *See, e.g., Brookfield Communs., Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) ("Although there is no source confusion in the sense that consumers know they are patronizing West Coast rather than Brookfield, there is nevertheless initial interest confusion in the sense that, by using 'moviebuff.com' or 'MovieBuff' to divert people looking for 'MovieBuff' to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark.").

An example provided by the Ninth Circuit in *Brookfield* is especially helpful in illustrating this concept:

> Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a

> highway reading – "West Coast Video: 2 miles ahead at Exit 7" – where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there.... *Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.*

Brookfield, 174 F.3d at 1064 (emphasis supplied) (citations omitted); *see also* Pet. App. at 24a.

2. *Initial Interest Confusion Is A Particularly Crucial Concept In The Context Of The Internet.*

The doctrine of initial interest confusion plays a particularly important role in the context of the Internet because, as the Ninth Circuit noted in *Brookfield*, "entering a web site takes little effort – usually one click from a linked site or a search engine's list[.]" 174 F.3d at 1057. The ease with which one may access a website from the Internet and the fact that common perception is that a company's website domain name would consist of the company's name or trademark followed by a ".com," ".net" or ".org"[3] make

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3 *See, e.g., PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 250 (6th Cir. 2003) ("[C]ustomers who do not know what a company's domain name is will often guess that the domain name is the same as the

using another's trademark in an Internet domain name an especially effective way of trading on the goodwill the owner has developed in its mark.

Professor McCarthy describes the problem as follows in his treatise:

> Initial interest confusion caused by the [Internet] domain name will lure web users to the defendant's site. Even though when the user accesses the defendant's site, he or she finds that it is not the plaintiff's site, the defendant has succeeded in luring users to his site, which often is the defendant's main purpose.

5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 23:6, at 23-25; *see also PACCAR*, 319 F.3d at 253 ("An infringing domain name has the potential to misdirect consumers as they search for web sites associated with the owner of a trademark. A disclaimer disavowing affiliation with the trademark owner read by a consumer after reaching the web site comes too late."); *Pa. Bus. Bank v. Biz Bank Corp.*, 330 F. Supp. 2d 511, 522 (E.D. Pa. 2004) ("Given the fact that [defendant's] domain name is identical to plaintiff's mark, the Court finds that consumers, in all likelihood, will visit defendant's website while

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company's name or trademark") (citation omitted), *overruled on other grounds*, 2004 U.S. LEXIS 8170 (Dec. 8, 2004); *Brookfield*, 174 F.3d at 1045 ("Web users often assume, as a rule of thumb, that the domain name of a particular company will be the company name followed by '.com.' . . . Sometimes, a trademark is better known than the company itself, in which case a Web surfer may assume that the domain address will be 'trademark'.com."); *Panavision*, 141 F.3d at 1327 ("A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name.") (citation omitted); *Planned Parenthood*, 42 U.S.P.Q.2d at 1438 ("[A]n Internet user is likely to assume that '.com' after a corporation's name will bring her to that corporation's home page, if one exists").

searching for plaintiff and thus may experience 'initial interest confusion.'").

Critically, the website owner who has misappropriated a mark as its Internet domain name may reap a commercial benefit from a consumer's misguided visit even if the consumer realizes immediately upon arrival at the site that it is not the site she was initially looking for. For example, the misdirected Internet user could nonetheless decide to purchase products or services that are sold by the website owner. The misappropriating website owner could also generate revenue through the sale of advertisements on its site.[4]

3. *The Ninth Circuit's Refusal To Approve An Injunction Against Non-Automobile Commercial Content On "nissan.com" And "nissan.net" Was Error Because Respondents Unequivocally Were Trading On Nissan's Goodwill With Respect To Both Automobile-Related And Non-Automobile-Related Commercial Content*

The premise of the Ninth Circuit's holding that the automobile-related advertising located on the "nissan" websites infringed Nissan's mark was that Respondents were capitalizing on the misdirected consumers by "receiv[ing] money for every click [of the automobile advertisement]," thereby "trad[ing] on the goodwill of Nissan Motor's mark." *See* Pet. App. 25a-26a. Yet this

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[4] Payment from advertisers to the website owner could, as in this case, be dependent upon the number of consumers who click on the advertisement or, instead, may be based upon the amount of traffic the website owner is able to generate.

reasoning applies equally to Respondents' display of third-party non-automobile-related advertising. Because Respondents received payments when a misdirected consumer clicked on either automobile-related or non-automobile-related third-party advertisements that Respondents had arranged to have displayed on the "nissan" websites, Respondents were capitalizing on misdirected consumers with respect to both types of advertisements.

While the "relatedness or proximity" of the products or services is a relevant factor in a typical trademark infringement analysis, the Ninth Circuit erred in applying it as essentially the only factor in the context of an initial interest confusion analysis. As Respondents were doing in this case, the party misappropriating a trademark to capture the "initial interest" of consumers may benefit commercially regardless of the similarity of the goods or services it offers. *See generally Playboy Enters., Inc. v. Netscape Communs. Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004) ("In the Internet context, courts must be flexible in applying the [likelihood of confusion] factors, as some may not apply"). This is especially true when a party uses a famous trademark like NISSAN in an Internet domain name to capture the initial interest of consumers.

Here, the "confusion" that arises with respect to consumers visiting the "nissan" websites is the same for both the automobile-related and non-automobile-related commercial content. The confusion lies *not* in the consumers' belief that either type of content is sponsored by Nissan, but rather in their belief that when they type in "nissan.com" or "nissan.net" they will be routed to Nissan's website. Respondents' intent was to lure these consumers to their websites based on their initial interest in Nissan and to capitalize on their visits with respect to *both* automobile and non-automobile-related commercial content. As such, both forms of commercial content contained on

Respondents' websites should be prohibited under the doctrine of initial interest confusion. *See, e.g., Interstellar*, 304 F.3d at 943-44.

Although the likelihood of capitalizing on misdirected web users may be even greater when the products or services of the website owner are similar to those marketed by the trademark owner, a website owner may nonetheless capitalize on misdirected consumers with respect to the sale or advertising of unrelated products, because misdirected consumers may decide while they are at the website to purchase the unrelated products or may click on the unrelated advertisements. Indeed, the record in this case shows that this was exactly what some consumers were doing when they visited "nissan.com," as many clicked onto banner advertisements for websites having nothing to do with automobiles such as "goto.com" and "barnesandnoble.com."

4. *The Ninth Circuit's Holding Establishes A Potentially Dangerous Precedent*

Not only is the Ninth Circuit's ruling at odds with the concept of initial interest confusion, it sets a potentially dangerous precedent. Through its holding in this case, the Ninth Circuit has effectively authorized a third party to:

- use another's trademark in *verbatim* fashion in an Internet domain name;
- attract consumers to its website who were initially interested in the products or services of the actual mark holder and who thought they were logging onto the website of the actual mark holder; and

- reap commercial benefits (*e.g.*, advertising revenue or the sale of goods or services) that may result from the misdirected traffic as long as the revenue is derived from advertisements, goods or services unrelated to those of the mark's holder.

Such conduct is precisely what the Lanham Act is designed to prevent.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be granted.

Respectfully submitted,

MARK A. FLAGEL
Counsel of Record
LATHAM & WATKINS LLP
633 West Fifth Street
Suite 4000
Los Angeles, CA 90071
(213) 485-1234

KEVIN A. RUSSELL
MATTHEW W. WALCH
B. JOHN CASEY
LATHAM & WATKINS LLP
233 South Wacker Drive
Suite 5800
Chicago, IL 60606
(312) 876-7700

Counsel for Petitioners
Nissan Motor Co., Ltd. and
Nissan North America, Inc.

APPENDIX

APPENDIX A

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Nos. 02-57148, 03-55236, 03-55017, 03-55144

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation,

Plaintiffs-Appellees,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation,

Defendant-Appellant.

and

THE INTERNET CENTER INC., a North Carolina corporation,

Defendant.

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs-Appellants,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation, Defendant-Appellee,

and

THE INTERNET CENTER INC., a North Carolina corporation, Defendant.

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs-Appellees,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation, and THE INTERNET CENTER, INC., a North Carolina corporation, Defendants-Appellants,

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NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs-Appellants,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation, and THE INTERNET CENTER, INC., a North Carolina corporation, Defendants-Appellees,

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Appeal from the United States District Court Central District of California

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[Filed: August 6, 2004]

Before: TROTT, RYMER, and THOMAS, Circuit Judges.

OPINION

RYMER, Circuit Judge:

This appeal raises a number of trademark issues arising out of the use by Uzi Nissan of his last name for several business enterprises since 1980, his use beginning in 1991 of "Nissan" as part of the name of a North Carolina computer store he owned--Nissan Computer Corp.--and his registration in 1994 of "nissan.com" as a domain name and website for advertising various products including for a period in 1999, automobile-related products and services. Nissan Motor Co., Ltd., a Japanese automobile manufacturer that registered the mark "NISSAN" in 1959, and its subsidiary, Nissan North America, Inc., began using that name, rather than "DATSUN," to identify and market their vehicles in the United States in 1983. They filed this action in 1999 complaining that "nissan.com" diluted the NISSAN mark under the Federal Trademark Dilution Act (FTDA), 15 U.S.C. § 1125(c), as well as the California analogue, Cal. Bus. & Prof.Code § 14330, and infringed it under the Lanham Act, 15 U.S.C. § 1114.

In a series of summary judgment rulings, the district court held that Nissan Computer's automobile-related advertising constituted trademark infringement on the basis of initial interest confusion, but that non-automobile-related advertising did not. The court determined that Nissan Motor's dilution suit was not barred by laches, that Nissan Computer's first commercial use of "nissan" was in 1994 when it registered the website "nissan.com" because that was the only use identical to the NISSAN mark, that by then Nissan Motor's NISSAN mark had become famous, and that Nissan Computer's use of "nissan.com" dilutes the quality of Nissan Motor's mark. Accordingly, the court enjoined Nissan Computer (and its alter ego, The Internet Center Inc.) from posting any commercial content at

nissan.com and from placing links to other websites that contain disparaging remarks or negative commentary about Nissan Motor.

Neither side is entirely happy and both appeal. On the main issues, we hold:

Initial interest confusion exists as a matter of law as to Nissan Computer's automobile-related use of "nissan.com" because use of the mark for automobiles captures the attention of consumers interested in Nissan vehicles. To this extent "nissan.com" trades on Nissan Motor's goodwill in the NISSAN mark and infringes it, but other uses do not because there is no possibility of confusion as to them.

Even though the NISSAN mark was distinctive and incontestable within five years of registration, it must also have become "famous" before Nissan Computer's first commercial use in order to be entitled to protection against dilution. The first use for purposes of the FTDA is that use which is arguably offending, here, "Nissan Computer," because *any* commercial use of a *famous* mark is diluting regardless of whether it is confusing or combined with other identifiers. As such a use occurred in 1991, and because the district court believed that triable issues of fact exist about fame of the NISSAN mark before 1994, summary judgment on the dilution claim cannot be sustained.

Finally, to enjoin Nissan Computer from providing visitors to nissan.com a link to sites with disparaging or negative commentary about Nissan Motor is a content-based restriction on non-commercial speech that is inconsistent with the First Amendment.

As a result of our conclusion on these and other issues, we affirm in part (on the infringement claim), reverse in part (on the dilution claim), and remand.

I

It is uncontroverted that Nissan Motor Co. and its subsidiary Nissan North America, Inc. (collectively, Nissan Motor) have marketed and distributed automobiles in the

United States since 1960. Nissan Motor registered the NISSAN mark for ships and vehicles on the Principal Register in 1959. Vehicles were sold in the United States under the name "Datsun" until 1983, when Nissan Motor began marketing its vehicles under the name "Nissan." For a while the two names were used together, but since 1985 only the "Nissan" name has been used.

Uzi Nissan used his last name for various businesses, including "Nissan Foreign Car Mobile Repair Service" (1980), an import/export business "Nissan International, Ltd." (1987), and "Nissan Computer Corp." established in 1991 to engage in the business of computer sales and services. On June 4, 1994, Nissan Computer registered the domain name nissan.com and established a website at that address to advertise its computer-related goods and services. In July 1995 Nissan Motor sent Nissan Computer a letter expressing "great concern" about use of the word "Nissan" in Nissan Computer's domain name; Nissan Computer made no response and nothing further happened until Nissan Motor contacted Uzi Nissan in October 1999.

Meanwhile, Nissan Computer registered "nissan.net" to offer services as an Internet Service Provider in 1996. In August 1999, it altered the nissan.com website by adding a new logo with the name "nissan.com," sold space for advertising, and registered with a website for banner advertising. Nissan Computer received a payment for each time a user clicked through to an advertiser's website. The first links (in August and September) were for goto.com, Barnes & Noble, CNet.com, and Netradio.com. Automobile-related ads appeared in late September. Within several weeks Nissan Computer signed up cartrackers.com, priceline.com, tunes.com, askjeeves.com, directhit.com, safari.com, lycos.com, asimba.com, ameritech.com, and about.com; by December, 1stopauto.com, hotlinks.com, shabang.com, fastweb.com, remarq.com, carprices.com and stoneage.com had been added.

In October 1999, Nissan Motor told Uzi Nissan that it wished to purchase nissan.com, but negotiations came to

naught. This action was filed against Nissan Computer on December 10, 1999. The complaint asserts claims for trademark dilution in violation of federal and state law; trademark infringement; domain name piracy; false designation of origin; and unfair competition. Nissan Motor moved for a preliminary injunction, which the district court granted in a published opinion, *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154 (C.D.Cal.2000), and which we affirmed. The injunction ordered Nissan Computer to post prominent captions on the first web page of the nissan.com and nissan.net websites identifying them as affiliated with Nissan Computer Corporation and disclaiming affiliation with Nissan Motor, and to refrain from displaying automobile-related information, advertisements, and links.

In March 2000, Nissan Computer posted a link on nissan.com and nissan.net that stated "Nissan Motor's Lawsuit Against Nissan Computer." Clicking this link transferred the user to ncchelp.org. A banner at ncchelp.org stated "We Are Being Sued!!!"; and included links entitled (1) "story," which contained Uzi Nissan's description of this litigation, (2) "FAQ," (3) "news," which contained links to media reports, (4) "people's opinions," which contained emails received by Uzi Nissan, and (5) "how you can help," which contained links via banner advertising, including a link to a site operated by The Internet Center (TIC), which had auto-related advertising. TIC was owned and operated by Uzi Nissan, and was added as a defendant in Nissan Motor's First Amended Complaint.

The district court resolved the action on cross-motions for summary judgment. In summary, the court held that TIC was an alter ego of Nissan Computer and that both TIC and Nissan Computer are liable for trademark infringement on account of their use of the NISSAN mark for automobile-related links and for dilution. The court inferred from Nissan Computer's altering the website in August 1999 to display auto-related advertising that it intended to confuse consumers. The court granted Nissan Computer's motion

for summary judgment on non-automobile-related use of the website.

On the dilution claim, the court declined to bar Nissan Motor's suit on account of laches because the internet was an emerging technology and Nissan Computer was not prejudiced by delay. The court initially found that the fame of the NISSAN mark was to be measured as of 1991, when Nissan Computer was incorporated, and that there was a question of material fact whether the NISSAN mark was famous as of that date. However, in a later ruling that granted judgment to Nissan Motor, the court determined fame as of 1994 when Nissan Computer first used the NISSAN mark alone because that is the use that Nissan Motor disputes, and as of 1999 when TIC did. Applying the fame factors set out in the FTDA, 15 U.S.C. § 1125(c), the court concluded that the NISSAN mark was famous at the time that Nissan Computer registered the "nissan.com" domain name in 1994. It held that Nissan Computer's use of the NISSAN mark diluted the quality of that mark by blurring its ability to distinguish Nissan Motor's goods from other companies' products and by tarnishing it because the look and design of the nissan.com website falls short of the high standards that Nissan Motor sets for itself, and because the site posts disparaging remarks about Nissan Motor and this lawsuit. Accordingly, the court concluded that Nissan Motor is entitled to an injunction that prohibits commercial content at the nissan.com and nissan.net sites. Although it declined to preclude Uzi Nissan from using the site for personal purposes, the court decided that disparaging remarks and negative commentary posted on the sites or through links are sufficiently commercial to bring use of the domain names within the scope of the FTDA because critical commentary at those sites, where the domain name is the mark, exploits the goodwill of Nissan Motor in the NISSAN mark. Therefore, the court permanently enjoined Nissan Computer and TIC from posting commercial content, advertising, and disparaging remarks or negative commentary regarding Nissan Motor on nissan.com or

nissan.net; and placing links to other websites containing commercial content or disparaging remarks and negative commentary about Nissan Motor. 231 F. Supp. 2d 977, 981 (C.D.Cal.2002). The district court subsequently denied Nissan Computer's request for a stay, explaining that it is the coupling of disparaging remarks with visitors' expectations of finding Nissan Motor that makes the enjoined conduct commercial and that the First Amendment is not implicated because the domain names are source identifiers and not part of the communicative message. We denied a request for a stay as well.

These cross-appeals followed. Nissan Computer and TIC appeal the judgment in Nissan Motor's favor on laches, dilution, retroactivity of the FTDA, alter ego, and infringement as to automobile-related use of nissan.com. Nissan Computer appeals the permanent injunction; Nissan Motor cross-appeals, asking that the injunction be broadened to include transfer of the domain names nissan.com and nissan.net to itself in exchange for the fair value of Nissan Computer's investment.[1]

II

We start with the dilution claim because this is where the parties focus most of their attention.

Four preliminary issues can be summarily resolved. First, the parties disagree about the relevant statute of limitations and whether Nissan Motor's delay in bringing this action presumptively constituted laches. We need not address their arguments, however, because regardless, the district court did not abuse its discretion in finding that Nissan Computer was not prejudiced. *See Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 839 (9th Cir. 2002) (stating that laches will not apply unless the defendant will suffer prejudice from delay if the suit were to proceed).

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[1] Public Citizen filed an amicus brief in support of Nissan Computer's appeal.

[1][2] Second, Nissan Computer argues that the FTDA should not be applied retroactively because by the time it was passed in 1996, Uzi Nissan had been using "Nissan" for 16 years, Nissan Computer had been using it for nearly five years, and nissan.com had been up and running for 18 months. However, application of the FTDA is not retroactive because it only authorizes prospective relief. *Landgraf v. USI Film Products*, 511 U.S. 244, 273, 114 S.Ct. 1483, 128 L.Ed.2d 229 (1994). Three circuits have so held, and we join them. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 669-70 n. 11 (5th Cir. 2000); *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 502(2d Cir. 2000); *Viacom Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 889-90 (8th Cir. 1998).

Third, Nissan Computer argues that the district court violated due process by changing the date for determining fame of the NISSAN mark from 1991--which it had used in denying partial summary judgment in 2001--to 1994, which it used in its final order granting summary judgment. However, the issue had been fully briefed and final judgment had not been entered. The court had discretion to see things differently without affronting due process.

Finally, TIC contends that it is not an alter ego of Nissan Computer just because they are related companies, share resources, and exchange interest-free loans. The district court considered the appropriate factors, *see UA Local 343 v. NorCal Plumbing, Inc.*, 48 F.3d 1465, 1475-76 (9th Cir. 1995), and correctly concluded that the separate identity of each was not respected, and that sufficient injustice could occur to Nissan Motor from TIC's misuse of the corporate form to permit Nissan Computer to capitalize on the NISSAN mark while rendering itself judgment proof.

A

[3] "[I]njunctive relief is available under the Federal Trademark Dilution Act if a plaintiff can establish that (1) its mark is famous; (2) the defendant is making commercial use of the mark in commerce; (3) the defendant's use began

after the plaintiff's mark became famous;" *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873-74 (9th Cir. 1999), and there is actual harm to the trademark holder, *Moseley v. v. Secret Catalogue, Inc.*, 537 U.S. 418, 433-34, 123 S.Ct. 1115, 155 L.Ed.2d 1 (2003). Noncommercial use of a mark is excepted. *See* 15 U.S.C. § 1125(c)(4)(B).

The FTDA's "grandfathering" clause lies at the heart of this dispute. It provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

15 U.S.C. § 1125(c)(1).

In Nissan Computer's view, the "first use" principle requires that fame be measured as of the defendant's actual first use of the mark, not the use that the plaintiff finds objectionable. This would be no later than 1991, when Nissan Computer was incorporated and used the name to sell computers.[2] Not surprisingly, Nissan Motor has a different view, that the date to determine famousness of its NISSAN mark is the first time that Nissan Computer used "nissan" by itself as a trade or company name instead of as a composite trade or company name. This would be 1994, when Nissan Computer registered nissan.com as a domain name and opened a website for advertising. Nissan Motor points out that the text of the statute refers to "*such* use," which Nissan Motor interprets to mean not just any use--

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[2] Nissan Computer argues for the earlier date of 1980, when Uzi Nissan began using his last name for various business enterprises. The district court did not explain why it rejected this possibility, and we do not foreclose considering it afresh on remand. However, based on the arguments made to us we see no basis for holding as a matter of law that Nissan Computer's use amounted to the same, continuous use of the mark since 1980 or that triable issues of fact exist as to it.

but the "commercial use in commerce of a mark."[3] Drawing on the anti-dissection rule from trademark infringement law, Nissan Motor also posits that use of "Nissan" by itself is a different "commercial use in commerce" of the NISSAN mark than is "Nissan Computer Corp."

[4][5] We believe "such use" for purposes of § 1125(c) is a use that, assuming it occurs after another's mark has become famous, would arguably dilute the mark. This follows from the text of the statute as well as its purpose. The FTDA protects the holder of a trademark from dilution, which is different from, and broader than, infringement in that neither confusion nor competition is required and the protection is nationwide in scope. *See Avery*, 189 F.3d at 873. Dilution is "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of--(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127. As the Supreme Court explained, the purpose of the FTDA "is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of

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[3] The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce--

(1) on goods when--

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127.

confusion." *Moseley*, 537 U.S. at 431, 123 S.Ct. 1115 (quoting H.R.Rep. No. 104-374, p. 2 (1995), U.S.Code Cong. & Admin.News 1995, pp 1029, 1030). "Dilution refers to the whittling away of the value of a trademark when it's used to identify different products." *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (citation and quotation marks omitted). Because protection from dilution comes close to being a "right [ ] in gross," it is a cause of action "reserved for a select class of marks– those marks with such powerful consumer associations that even non-competing uses can impinge on their value." *Avery Dennison*, 189 F.3d at 875. For this reason, the FTDA extends dilution protection only to those whose mark is a "household name." *Thane Int'l., Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 911 (9th Cir. 2002).

[6] "[T]he mark used by the alleged diluter must be identical, or nearly identical, to the protected mark" for a dilution claim to succeed. *Id.* at 905. This means that the mark itself must be identical, or nearly identical, not that it cannot be used in combination with some other identifier. For example, as the Report of the Subcommittee on Courts and Intellectual Property of the House Judiciary Committee observes of the FTDA, "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation." *See Moseley*, 537 U.S. at 431, 123 S.Ct. 1115 (citing H.R.Rep. No 104-374, p. 3 (1995), U.S.Code Cong. & Admin. News 1995, pp 1029, 1030); *Thane*, 305 F.3d at 906, 910- 11(citing the same examples in the Senate Report, S.Rep. No. 100-515, at 7 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5583). We conjured others in *Mattel*, "[f]or example, Tylenol snowboards, Netscape sex shops and Harry Potter dry cleaners would all weaken the commercial magnetism of these marks and diminish their ability to evoke their original associations. These uses dilute the selling power of these trademarks by blurring their uniqueness and singularity, and/or by tarnishing them with negative associations." 296 F.3d at 903 (internal quotations and citations omitted).

[7] The point of dilution law is to protect the owner's investment in his mark. *See, e.g., Thane*, 305 F.3d at 904. This is why it is actionable for a store to call itself KODAK Pianos, as well as KODAK. As the use of KODAK pianos would dilute KODAK, then NISSAN pianos would dilute NISSAN if the NISSAN mark were as famous as KODAK. It follows that NISSAN Computers is a use that arguably dilutes the NISSAN mark. Whether it does in fact, of course, depends upon whether the capacity of the NISSAN mark to identify and distinguish goods or services sold by Nissan Motor has been lessened; however, for purposes of settling the date by which fame must be measured, Nissan Computer's use of the NISSAN mark is arguably diluting even though the word "Nissan" is used in combination with another identifier. *See Mattel*, 296 F.3d at 903-04(holding that "Barbie Girl" diluted Mattel's "Barbie" mark); *see also Moseley*, 537 U.S. at 433-34, 123 S.Ct. 1115 (suggesting that the evidence required to prove dilution may differ depending upon whether the junior and senior marks are identical). In sum, just as the TYLENOL mark, the BARBIE mark, and the KODAK mark are used in commerce when "snowboards," "Girl," and "pianos" are added, the NISSAN mark is used in commerce when other words are added to it such that if NISSAN were a famous mark, then "NISSAN Computer" could be a dilutive commercial use.

The Federal Circuit recently considered, and rejected, a statutory argument similar to Nissan Motor's, and to the view taken by the district court, that the use that matters for purposes of § 1125(c) is the first use that the trademark holder finds objectionable. In *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333, 1336 (Fed. Cir. 2003), Enterprise challenged Advantage's use of the phrase "We'll Even Pick You Up" in television commercials broadcast in San Antonio, Texas between 1992 and 1995 as diluting its own phrases "Pick the Company that Picks You Up" and "Pick Enterprise, We'll Pick You Up," which Enterprise began using in 1994. Enterprise contended that

prior use by Advantage in a limited geographic area did not bar its claim of dilution. The court recognized that the term "such use" in § 1125(c) "could refer to any use by the defendant in commerce," or "could refer to the particular use being challenged in the litigation." *Id.* at 1341. It held that the latter was "not a tenable reading of the statute," and that "the statute's reference to 'such use' must refer to any use in commerce." *Id.* at 1341-42. We agree that this is a more sensible construction. As the Federal Circuit explained, "it is significant that there is no qualification in the statute requiring that the defendant's prior use be substantial or cover a wide geographic area to defeat an injunction under the statute." *Id.* at 1342. If it were otherwise, and first use for purposes of § 1125(c) turned on whatever use the mark's owner finds particularly objectionable, "[o]wners of famous marks would have the authority to decide when an allegedly diluting use was objectionable, regardless of when the party accused of diluting first began to use the mark." *The Network Network v. CBS Inc.*, 54 U.S.P.Q. 2d 1150, 1153 (C.D.Cal.2000).

Nissan Motor's reliance on the anti-dissection rule is also unhelpful. That doctrine prescribes that "a composite mark is tested for its validity and distinctiveness by looking at it as a whole, rather than dissecting it into its component parts." 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11:27 (4th ed. 2003); *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000) ("[I]t is the mark in its entirety that must be considered--not simply individual elements of that mark.") (citation omitted). However, our task here is not to test distinctiveness but to determine famousness.

[8] Accordingly, we hold that any commercial use of a famous mark in commerce is arguably a diluting use that fixes the time by which famousness is to be measured. In this respect as in others, a dilution claim differs from a claim for infringement, because not all uses of a mark are actionable. *See Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 943-44 (9th Cir. 2002) (explaining why

companies using the same mark for different products with different consumer expectations may not cause initial interest confusion). For purposes of the FTDA, however, the commercial use of "Nissan" for computers in Nissan Computer was a use of the NISSAN mark in commerce that was arguably diluting. "Such use" occurred in 1991. Therefore, fame of the NISSAN mark must be measured as of 1991.

B

[9] Nissan Motor argues that even if the fame of its mark must be measured as of 1991 rather than 1994, reversal is not required because the NISSAN mark was also famous as of 1991. However, the district court found that there were triable issues of fact when it was of the view that fame should be determined as of 1991. The record is not so clear that we can affirm notwithstanding the district court's conclusion.

The FTDA lists eight non-exclusive factors for a court to consider in determining whether a mark is distinctive and famous. They are:

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered ... or on the principal register.

15 U.S.C. § 1125(c)(1).

Without going into detail because we must remand in any event, there is no question that the NISSAN mark is distinctive because it became incontestable five years after being registered, yet "to be capable of being diluted, a mark must have a *degree* of distinctiveness and 'strength' beyond that needed to serve as a trademark." *Avery Dennison*, 189 F.3d at 876 (citations and quotations omitted) (emphasis added). "[F]amousness requires more than mere distinctiveness." *Id.* at 879.

Nissan Motor introduced evidence through surveys, studies, and expert opinion that the NISSAN mark had considerable public recognition, however Nissan Computer questioned their methodology and import, and we have no ruling on these issues from the district court. For example, an Allison-Fisher survey found that NISSAN enjoyed 55% awareness among consumers in 1985, 60% in 1986, and 65% in 1991, but Nissan Computer's experts counter that the survey measured only the attitude of people who intended to buy a new car, thereby skewing the results in favor of Nissan Motor, and claim that there are methodological errors in the survey's analysis. The same applies to the Landor Research Survey, which concluded that Nissan Motor was one of the 200 most powerful brands in America in 1988; Nissan Computer's experts point out that the survey was a newspaper account without a description of methodology, universe of respondents, or statistical reliability of results. Another public opinion survey that reported consumer familiarity with "Nissan" was conducted between 1999 and January 2000 and spoke as of that time frame, which sheds no light on public perception in 1991. Although Nissan Motor's promotional expenditures for vehicles bearing the NISSAN mark--more than $898 million during the period 1985-1991--weigh in its favor, we cannot say as a matter of law, on this record, that the survey,

expert, and advertising evidence permit only the conclusion that the NISSAN mark was famous as of 1991.

The record is further clouded by what it shows about the word "Nissan" and its third-party use. "Nissan" is a common Jewish/Israeli last name, a Biblical term originally identifying the first month in the calendar, the contemporary name of the seventh month in the Jewish calendar, the Arabic word for April, and is part of the trademark or trade name of more than 190 unaffiliated businesses in the United States including "Nissan Thermos," "Nissan Chemical," and "Nissan Fire and Marine Insurance Company." The word "Nissan" is an acronym in Japanese for "Japanese Industries KK." Nissan Motor itself is a party to a Trademark Basic Agreement with "Nissan Chemical," "Nissan Agriculture and Forestry," "Nippon Oxygen Co.," "Nippon Fisheries Co.," and "Nippon Oil and Fat Co.," in which each agrees to cooperate to ensure the proper use and protection of the "Nissan" related trademark. And there are thousands of domain names that use the word "Nissan." All of this is relevant, because "when 'a mark is in widespread use, it may not be famous for the goods or services of one business.' " *Avery Dennison*, 189 F.3d at 878 (quoting Trademark Review Commission, *Report & Recommendation*, 77 Trademark Rep. 375, 461 (Sept.-Oct. 1987)). That other unaffiliated companies use "Nissan" in their names at a minimum raises a question whether the mark can be considered a famous mark eligible for dilution protection. *See id.* (stating that widespread use of the mark in the name of other companies makes fame unlikely).

In sum, we cannot say on this record that genuine issues of material fact do not exist as to the degree of distinctiveness of the NISSAN mark, the weight to be given and the conclusions to be drawn from the experts' reports and surveys, the impact of third party uses of NISSAN, and the overall fame of the NISSAN mark in 1991.

C

[10] After the district court's final decision in this case, the Supreme Court held in *Moseley v. V Secret Catalogue*, 537 U.S. 418, 123 S.Ct. 1115, 155 L.Ed.2d 1 (2003), that actual dilution must be shown for a dilution claim to succeed. Based on *Moseley*, Nissan Computer and TIC argue that summary judgment on the FTDA claim must be reversed because Nissan Motor presented no evidence of actual harm to the NISSAN mark. Nissan Motor argues otherwise, relying on *Moseley's* statement that "direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence--the obvious case is one where the junior and senior marks are identical." *Id.* at 434, 123 S.Ct. 1115. However, it is not entirely clear what the Court meant by this, *see Ty Inc. v. Softbelly's Inc.*, 353 F.3d 528, 536 (7th Cir. 2003), and appellate review would be aided by a record developed in light of *Moseley* and the district court's analysis of it. Therefore, we follow the lead of *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1041 (9th Cir. 2003), and remand to give the district court an opportunity to consider in the first instance whether there has been actual dilution within the meaning of *Moseley*.

[11] Nissan Motor also urges that remand is not necessary because the California analogue of the FTDA, Cal. Bus. & Prof.Code § 14330,[4] affords another basis upon which to affirm. However, the district court granted injunctive relief entirely under the FTDA. We prefer to hear from the district court in the first instance on this as well. The California analogue has generally been construed consistently with federal law, and no argument has been

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[4] Cal. Bus. & Prof.Code § 14330 provides:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

made to us about whether, or how, *Moseley* might affect what the California Supreme Court would do. In addition, Nissan Computer has claimed on appeal that a nationwide injunction for violation of state law is inappropriate and unconstitutional. *See, e.g., Enterprise*, 330 F.3d at 1342 ("A federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection.... Further, court decisions have been inconsistent and some courts are reluctant to grant nationwide injunctions for violation of state law.... This simply encourages forum-shopping and increases the amount of litigation.") (quoting H.R.Rep. No. 104-374, at 3-4). While "California courts have repeatedly held that they have authority to issue injunctions which have effect beyond the borders of California," *Duncan v. Stuetzle*, 76 F.3d 1480, 1488-89 (9th Cir. 1996), this remains an open question in this circuit. *Id.* at 1489 n. 13. As we have no ruling before us, we leave the constitutionality of a nationwide injunction based on state law for another day and remand to the district court to consider, if necessary, whether it would grant injunctive relief, or alter its scope, if the dilution liability were based solely on California law.

D

[12] Nissan Computer seeks relief from the provision of the permanent injunction that restrains it from placing links on nissan.com and nissan.net to other websites containing disparaging remarks or negative commentary about Nissan Motor. It contends that such speech is non-commercial, thus not diluting under the FTDA. Nissan Computer also maintains that the disclaimer ordered in the preliminary injunction is sufficient to assure there is no dilution. Finally, it submits that the injunction does not control the uses of the domain names but instead, prohibits a particular type of content posted at the website.

Nissan Motor argues that we need not revisit Nissan Computer's First Amendment challenge to the permanent

injunction because we already considered and rejected it by denying Nissan Computer's motion to stay. We disagree, as the standards for a stay differ from the review on the merits that is now before us.[5] Beyond this, Nissan Motor defends the injunction as narrowly tailored, arguing that it restricts use of just two websites identical to the NISSAN mark. These restrictions, in its view, constitute regulation of nothing more than non-expressive trademark-equivalent domain names that do not express or communicate any views at all. For this reason, Nissan Motor asks us to hold that the First Amendment is not implicated because it is only when a trademark is used as part of a communicative message and not as a source identifier (which is what a domain name functions as in cyberspace) that the First Amendment is implicated. We disagree with this as well.

Prohibiting Nissan Computer from placing links to other sites with disparaging commentary goes beyond control of the Nissan name as a source identifier. The injunction does not enjoin use of nissan.com, but enjoins certain content on the nissan.com website. Thus, it is not the source identifier that is controlled, but the communicative message that is constrained. Consequently, the First Amendment is implicated.

[13][14] The prohibited use of the mark is a content-based restriction because the purpose behind it is to control the message and it is not "justified without reference to the

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[5] *See, e.g., Artukovic v. Rison*, 784 F.2d 1354, 1355 (9th Cir. 1986) (explaining that a stay is warranted if applicant shows probability of success on the merits and likelihood of irreparable injury or serious questions on merits and balance of hardships tipping in its favor). We review the scope of injunctive relief for abuse of discretion. *See Idaho Watersheds Project v. Hahn*, 307 F.3d 815, 823 (9th Cir. 2002). "A district court by definition abuses its discretion when it makes an error of law." *Koon v. United States*, 518 U.S. 81, 100, 116 S.Ct. 2035, 135 L.Ed.2d 392 (1996). On First Amendment challenges, we conduct an independent, de novo review. *See Jacobsen v. United States Postal Serv.*, 993 F.2d 649, 653-54 (9th Cir. 1993).

content of the regulated speech." *See, e.g., Ward v. Rock Against Racism*, 491 U.S. 781, 791, 109 S.Ct. 2746, 105 L.Ed.2d 661 (1989) (citation and quotation omitted). "Content-based regulations pass constitutional muster only if they are the least restrictive means to further a compelling interest." *S.O.C., Inc. v. County of Clark*, 152 F.3d 1136, 1145 (9th Cir. 1998) (citing *Sable Communications of Cal. v. F.C.C.*, 492 U.S. 115, 126, 109 S.Ct. 2829, 106 L.Ed.2d 93 (1989)). As a content-based restriction, the injunction is presumptively invalid, *see R.A.V. v. City of St. Paul*, 505 U.S. 377, 382, 112 S.Ct. 2538, 120 L.Ed.2d 305 (1992), and not subject to a "time, place, and manner" analysis, *see Reno v. ACLU*, 521 U.S. 844, 879, 117 S.Ct. 2329, 138 L.Ed.2d 874 (1997). Thus, it is immaterial whether there are alternative places on the web that negative commentary about Nissan Motor can be posted. The injunction is also viewpoint based because it only prohibits *disparaging* remarks and *negative* commentary. *See R.A.V.*, 505 U.S. at 391, 112 S.Ct. 2538.

The FTDA anticipates the constitutional problem where the speech is not commercial but is potentially dilutive by including an exception for noncommercial use of a mark. *See* 15 U.S.C. § 1125(c)(4)(B); *Mattel*, 296 F.3d at 905-06 (recognizing that the "noncommercial use" exemption in the FTDA was designed to prevent courts from issuing injunctions that collide with the First Amendment). So, the relevant question is whether linking to sites that contain disparaging comments about Nissan Motor on the nissan.com website is commercial.

[15][16] "Although the boundary between commercial and non-commercial speech has yet to be clearly delineated, the core notion of commercial speech is that it does no more than propose a commercial transaction." *Mattel*, 296 F.3d at 906 (quoting *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir. 2001)) (quotation marks omitted). "If speech is not 'purely commercial'–that is, if it does more than propose a commercial transaction– then it is entitled to full First Amendment protection." *Id.* Negative

commentary about Nissan Motor does more than propose a commercial transaction and is, therefore, non-commercial.

Nissan Motor argues that disparaging remarks or links to websites with disparaging remarks at nissan.com is commercial because the comments have an effect on its own commerce. *See Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998) ("The conduct of the Defendant also constitutes a commercial use of the Mark and the Name of the Plaintiff Organization because it is designed to harm the Plaintiff Organization commercially by disparaging it and preventing the Plaintiff Organization from exploiting the Mark and the Name of the Plaintiff Organization."). However, we have never adopted an "effect on commerce" test to determine whether speech is commercial and decline to do so here.

We are persuaded by the Fourth Circuit's reasoning in a similar case involving negative material about Skippy Peanut Butter posted on skippy.com, a website hosted by the owner of the trademark SKIPPY for a cartoon comic strip. CPC, which makes Skippy Peanut Butter, successfully sought an injunction that ordered removal of the material. The court of appeals reversed. *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 461-63 (4th Cir. 2000). Recognizing that criticism was vexing to CPC, the court emphasized how important it is that "trademarks not be 'transformed from rights against unfair competition to rights to control language.'" *Id.* at 462 (quoting Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710- 11 (1999)). It held that speech critical of CPC was informational, not commercial speech. Likewise here, links to negative commentary about Nissan Motor, and about this litigation, reflect a point of view that we believe is protected.

Nissan Motor relies on *San Francisco Arts & Athletics, Inc. v. USOC*, 483 U.S. 522, 107 S.Ct. 2971, 97 L.Ed.2d 427 (1987), to argue that it has obtained a limited property right in the NISSAN mark which Nissan Computer does not have a First Amendment right to appropriate to itself. In that

case, the Court held that the Amateur Sports Act of 1978 did not unconstitutionally prohibit certain commercial and promotional uses of the word "Olympic" because Congress has a broader public interest than in traditional trademark law--promoting the "physical and moral qualities which are the basis of sport" and "the participation of amateur athletes from the United States in 'the great four-yearly sport festival, the Olympic Games.'" *Id.* at 537, 107 S.Ct. 2971(quoting Olympic Charter, Rule 1 (1985)). For this reason the application of the Act to commercial speech was not broader than necessary to protect the legitimate congressional interest and therefore did not violate the First Amendment. But the Olympics are different, and there is no similar legislative interest at stake in this case.

Therefore, we conclude that the permanent injunction violates the First Amendment to the extent that it enjoins the placing of links on nissan.com to sites with disparaging comments about Nissan Motor.

III

[17] Nissan Computer argues that it did not infringe the NISSAN mark because it did nothing to draw potential Nissan Motor customers to its website or to divert customers who were looking for Nissan vehicles, and that there is at least a factual dispute whether Nissan Computer "captured" the initial interest of internet users looking for Nissan Motor products. Nissan Computer reasons that it did not offer automobiles or automobile-related services, rather it posted advertisements on its website much as a newspaper does. Nissan Motor responds that we already concluded that Nissan Computer altered its website to capitalize on the initial interest confusion of consumers who were looking for Nissan Motor's products when we affirmed the preliminary injunction entered in this case. We agree with Nissan Motor's position, but not for this reason. A determination that the district court did not abuse its discretion in granting preliminary relief is not binding on appeal from a final judgment. *See, e.g., Rodde v. Bonta*, 357

F.3d 988, 995 (9th Cir. 2004). Nissan Motor also submits that the district court should have found trademark infringement based on Nissan Computer's non-automobile-related advertising given consumer expectations, identicalness of the internet domain names and its MARK, and the simultaneous use of the Web as a marketing channel by Nissan Computer and Nissan Motor. We disagree that reversal is indicated.

"The core element of trademark infringement is whether the similarity of the marks is likely to confuse customers about the source of the products.... Initial interest confusion occurs when the defendant uses the plaintiff's trademark 'in a manner calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion.'" *Interstellar*, 304 F.3d at 941 (quoting *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (quoting *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (internal quotation marks omitted))). As we hypothesized initial interest confusion in *Brookfield*, it would occur if Blockbuster Video put up a billboard that advertised West Coast Video at Exit 7, when in actuality West Coast was located at Exit 8, but Blockbuster was at Exit 7. Customers looking for West Coast would leave the freeway at Exit 7, but after not finding it, rent from Blockbuster rather than reentering the freeway in search of West Coast. Customers are not confused that they are renting from Blockbuster instead of West Coast, but Blockbuster misappropriates West Coast's acquired goodwill through the initial consumer confusion. *See Brookfield*, 174 F.3d at 1064.

"To evaluate the likelihood of confusion, including initial interest confusion, the so-called *Sleekcraft* factors provide non-exhaustive guidance." *Interstellar*, 304 F.3d at 942 (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 346 (9th Cir. 1979)). They are well known, and are: "(1) the similarity of the marks; (2) the relatedness or proximity of the two companies' products or services; (3) the strength of

the registered mark; (4) the marketing channels used; (5) the degree of care likely to be exercised by the purchaser in selecting goods; (6) the accused infringers' intent in selecting its mark; (7) evidence of actual confusion; and (8) the likelihood of expansion in product lines. *Sleekcraft*, 599 F.2d at 346." *Interstellar*, 304 F.3d at 942. In the context of the internet, the three most important factors are the similarity of the marks, the relatedness of the goods or services, and the parties' simultaneous use of the internet in marketing. *See id.* (citing *GoTo.com*, 202 F.3d at 1205).

[18] Nissan Computer's use of nissan.com to sell non-automobile-related goods does not infringe because Nissan is a last name, a month in the Hebrew and Arabic calendars, a name used by many companies, and "the goods offered by these two companies differ significantly." *Id.* at 944. However, Nissan Computer traded on the goodwill of Nissan Motor by offering links to automobile-related websites. Although Nissan Computer was not directly selling automobiles, it was offering information about automobiles and this capitalized on consumers' initial interest. An internet user interested in purchasing, or gaining information about Nissan automobiles would be likely to enter nissan.com. When the item on that website was computers, the auto-seeking consumer "would realize in one hot second that she was in the wrong place and either guess again or resort to a search engine to locate" Nissan Motor's site. *Id.* at 946. A consumer might initially be incorrect about the website, but Nissan Computer would not capitalize on the misdirected consumer. However, once nissan.com offered links to auto-related websites, then the auto-seeking consumer might logically be expected to follow those links to obtain information about automobiles. Nissan Computer financially benefited because it received money for every click. Although nissan.com itself did not provide the information about automobiles, it provided direct links to such information. Due to the ease of clicking on a link, the required extra click does not rebut the conclusion that

Nissan Computer traded on the goodwill of Nissan Motor's mark.

The marks are legally identical; the goods or services are related as to auto-related advertising, but not related as to anything else; and the parties simultaneously use the internet in marketing. The NISSAN mark is an incontestable mark, but it is also used in many channels of commerce, is a last name, and is a month. The degree of care exercised by a purchaser is disputable. Whereas a consumer purchasing an automobile will exercise great care, a consumer searching for information about automobiles on the internet may exercise little care and will click on all information about automobiles. The intent of Nissan Computer in selecting the mark weighs to some extent in favor of Nissan Computer because Uzi Nissan chose a domain name to correspond with his own name, but its intent in posting automobile-related links cuts the other way. There is evidence of actual confusion in that consumers have clicked on nissan.com to find out information about Nissan Motor. The likelihood of expansion in product lines can again cut both ways. Nissan Computer is unlikely to enter the automobile sales business, however, it is likely to advertise more auto-related products.

On balance we agree with the district court that Nissan Motor is entitled to summary judgment on trademark infringement as to automobile-related advertisements, and that Nissan Computer is entitled to summary judgment as to non-auto-related advertisements.

IV

What we have already held largely disposes of Nissan Motor's cross-appeal asking that the injunction be *broadened* to require transfer of nissan.com and nissan.net. The district court declined to enter such an order and did not abuse its discretion in doing so. *See Interstellar*, 304 F.3d at 948 (emphasizing discretion to fashion relief, and noting that only upon proving the rigorous elements of cybersquatting under the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d), have plaintiffs

successfully forced the transfer of an infringing domain name). To the extent that Nissan Motor requests broader relief on account of infringement through initial interest confusion, it is a request better directed to the district court because the injunction was granted on the basis of dilution under the FTDA, not on the basis of infringement.

V

Conclusion

Having held that the first use of a mark for purposes of the Federal Trademark Dilution Act is that use which is arguably offending, and such use in this case occurred when NISSAN was used in "Nissan Computer" in commerce, we must reverse and remand the partial summary judgment on dilution for the district court to consider the fame of the NISSAN mark as of 1991. On remand, it must also consider whether Nissan Computer "actually diluted" the NISSAN mark as required by *Moseley*. Injunctive relief may not restrain Nissan Computer from placing links on nissan.com and nissan.net to other sites that post negative commentary about Nissan Motor; to this extent, the relief granted is overbroad, reaches non-commercial speech, and runs afoul of the FTDA and the First Amendment. On all other issues, we affirm.

Each party shall bear its own costs.

AFFIRMED IN PART; REVERSED IN PART; AND REMANDED.

APPENDIX B

Filed Clerk U.S. District Court
Feb -6 2003
Central District of California By /s/ Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 99-12980 DDP (Mcx)

NISSAN MOTOR CO., LTD., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation,
Plaintiffs,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation;
THE INTERNET CENTER, INC.,

Defendants.

ORDER DENYING DEFENDANT NCC'S MOTION TO STAY PORTION OF PERMANENT INJUNCTION

This matter comes before the Court on defendant Nissan Computer corporation's motion to stay a portion of the permanent injunction pending appeal. After reviewing and considering the materials submitted by the parties, the Court denies the motion.

BACKGROUND

The plaintiffs, Nissan Motor Co., Ltd. and Nissan North America, Inc. (collectively, "Nissan Motor"), and the defendants, Nissan Computer Corporation ("NCC") and The Internet Center, Inc. ("IC"), are familiar with the extensive factual and procedural background in this case. Therefore, only an abbreviated history is set forth below.

NCC is a North Carolina corporation in the business of computer sales and services. It was incorporated in 1991 by its current president, Mr. Uzi Nissan. IC is a North Carolina corporation formed in 1995 as an Internet Service Provider. Nissan Motor Co., Ltd. is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, Inc., markets and distributes Nissan vehicles in the United States.

At issue in this case is NCC's ownership and use of the Internet domain names "nissan.com" and "nissan.net," registered in 1994 and 1996, respectively. Following unsuccessful negotiations regarding the possible transfer from NCC to the plaintiffs of the domain name "nissan.com," the plaintiffs filed a complaint against NCC in December 1999. The complaint asserted claims for (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. The Court denied the plaintiffs' application for a temporary restraining order. Subsequently the plaintiffs filed an amended complaint, and NCC filed various counterclaims and an amended answer. In November 2001, the Court granted the plaintiffs' motion to add IC as a defendant.

In early 2002, the Court issued, among other things, certain orders granting the plaintiffs' motion for partial

summary judgment as to the infringement of automobile-related goods/services and granting NCC's motion for partial summary judgment as to the plaintiffs' claim of cybersquatting. In August 2002, the Court granted the plaintiffs' motion for summary judgment on their dilution claim against NCC, and the plaintiffs' motion for summary judgment on their alter ego and dilution claims against IC.

On November 14, 2002, the Court issued a permanent injunction against the defendants (the "injunction"). The injunction enjoined the defendants from the following:

1. Posting commercial content at nissan.com and nissan.net;
2. Posting advertising (and permitting advertising to be posted by third parties) at nissan.com and nissan.net;
3. Posting disparaging remarks or negative commentary regarding Nissan Motor Co., Ltd. or Nissan North America, Inc. at nissan.com and nissan.net;
4. Placing, on nissan.com or nissan.net, links to other websites containing commercial content, including advertising; and
5. Placing, on nissan.com or nissan.net, links to other websites containing disparaging remarks or negative commentary regarding Nissan Motor Co.; Ltd. or Nissan North America, Inc.

(*See* 11/14/02 Order at 9.) By the instant motion, NCC requests that the Court stay the portion of the injunction prohibiting NCC from posting links to sites critical of Nissan Motor at nissan.com or nissan.net.

DISCUSSION

A. *Legal Standard*

Pursuant to Federal Rule of Civil Procedure 62(c), the Court "in its discretion may suspend, modify, restore, or grant an injunction during the pendency of [an] appeal upon such terms as to bond or otherwise as it considers proper for the security of the rights of the adverse party." Fed. R. Civ.

P. 62(c). In order to obtain such a stay pending appeal, the movant bears the burden of making a "strong showing that: (1) it is likely to succeed on the merits of the appeal; (2) unless a stay is granted, it will suffer irreparable injury; (3) no substantial harm will come to the other interested parties; and (4) a stay will do no harm to the public interest." *Automotive Prods. v. Tilton Eng'g, Inc.*, 33 U.S.P.Q. 2d 1065, at 1083 (C.D. Cal. 1993); *see also* 12 James Wm. Moore et al., *Moore's Federal Practice* § 62.06[3] (3d ed. 2001). Most of the circuits have held that district courts should act pursuant to Rule 62(c) only to maintain the status quo of the parties pending the outcome of an appeal. 12 *Moore's Federal Practice* at § 62.06[1].

B. *Analysis*

NCC contends that it has "more than a fair chance of success on the merits" (Mot. at 8 (quotation omitted)), because the injunction's provisions regarding disparaging or negative commentary about Nissan Motor are a content-based prior restraint on NCC's speech and are therefore presumptively unconstitutional (*id.* at 9-10). NCC contends that such a restriction can only be sustained when it is the least restrictive means to further a compelling interest. (*Id.* at 10.) NCC argues that the interests involved here are not compelling and, even if they were, the injunction is not the least restrictive means of vindicating the interests. (*Id.*)

In response, Nissan Motor contends that the Court's order "is consistent with established case law that has analyzed First Amendment concerns in the Internet domain name context," and therefore NCC is not likely to succeed on the merits. (Opp. at 5.) Nissan Motor argues that NCC's First Amendment defense is not available to a defendant using a source-identifying domain name that is identical to the trademark holder's mark. (Opp. at 7.)

The Court finds that NCC has not shown a likelihood of success on the merits. In order to be subject to the Federal Trademark Dilution Act (the "FTDA"), the use of the protected mark must be "commercial use in commerce." 15 U.S.C. § 1125(c)(1); *Mattel Inc. v. MCA Records, Inc.*, 295

F.3d 894, 903 (9th Cir. 2002). Links to disparaging or negative commentary at nissan.com or nissan.net make the use of these websites sufficiently commercial to bring such use within the purview of the FTDA. Under 15 U.S.C. § 1125(c), Nissan's proposed use of nissan.com and nissan.net is commercial because of its effect on Nissan Motor's activities. *See Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998) ("The conduct of the Defendant . . . constitutes a commercial use of the Mark... because it is designed to harm the Plaintiff Organization commercially by disparaging it and preventing the Plaintiff Organization from exploiting the Mark . . .."); *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 1997 WL 133313, at *6 (S.D.N.Y. Mar. 24) ("[D]efendant has appropriated plaintiff's mark in order to reach an audience of Internet users who want to reach plaintiff's services and viewpoint, intercepting them and misleading them in an attempt to offer his own political message. . . . [D]efendant's appropriation not only provides Internet users with competing and directly opposing information, but also prevents those users from reaching plaintiff and its services and message."); *see also OBH, Inc. v. Spotlight Magazine*, 86 F. Supp. 2d 176, 186 (W.D.N.Y. 2000) (analyzing "use in commerce" requirement of 15 U.S.C. § 1114: "defendants' use of plaintiffs' trademark constitutes a 'use in commerce' as it affects plaintiffs' ability to offer their services in commerce.").

As the court pointed out in its order granting summary judgment on the dilution claim, there is evidence that 92% of Internet users expect to find Nissan Motor or a car company at nissan.com. Under these circumstances, NCC's proposed use of nissan.com and nissan.net is commercial under 15 U.S.C. § 1125(c)(1). It is the particular coupling of disparaging remarks with the visitors' expectations of finding Nissan Motor that makes such conduct commercial. As the Court wrote in its November 14 order:

> [U]nlike *Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661, 664 (E.D. Mich. 2001) and *Bally*

> *[Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166 (C.D. Cal. 1998)], the instant case presents a situation in which the mark itself is also the domain name. The goodwill that Nissan Motor has built up in the "Nissan" mark ensures a steady stream of visitors expecting to find Nissan Motor at nissan.com and nissan.net. Critical commentary at nissan.com and nissan.net would exploit this goodwill in order to injure Nissan Motor. Under these circumstances, the critical speech becomes commercial and is subject to the proscriptions of the FTDA.

(11/14/02 Order at 7-8.)

NCC argues that the Court's injunction runs afoul of the FTDA because the proposed use of the sites is noncommercial speech that is protected by the First Amendment. The FTDA specifically exempts such speech from its scope. *See* 15 U.S.C. § 1125(c)(4)(B). The FTDA's exemption for noncommercial speech is intended to be coextensive with the protection of the First Amendment for noncommercial speech. *See Mattel*, 296 F.3d at 905-06 (the exemption "is consistent with existing case law, [which] recognize[s] that the use of marks in certain forms of artistic and expressive speech is protected by the First Amendment" (quoting 141 Cong. Rec. S19306-10, S19311 (daily ed. Dec. 29, 1995))).

The Court finds that the proposed use of the mark does not fall within the FTDA's exception for "noncommercial use." Again, the particular facts of this case are crucial. Here, the unlawful use of the mark is its presence as the domain name, not simply its presence in any disparaging comments. In other words, NCC's proposed use of the websites would have the mark used as a source identifier, not only as part of a communicative message. *See Planned Parenthood*, 1997 WL 13313, at *11 ("His use of plannedparenthood.com' as a domain name to identify his web site is on its face more analogous to source

identification than to a communicative message; in essence, the name identifies the web site, which contains defendant's home page."); *cf. Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1168 (C.D. Cal. 1998) ("[I]t is not logical that a reasonably prudent Internet user would believe that sites which contains [sic] no reference to a trademark and which are linked to, or within the same domain as, a site that is clearly not sponsored by the trademark owner are in some way sponsored by the trademark owner."). Such use is not protected by the First Amendment. Instead, the First Amendment is implicated when the use of another's mark is "part of a communicative message and not a source identifier...." *Mattel*, 296 F.3d at 900 (quoting *Yankee Publ'g, Inc. v. News Am. Publ'g, Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992)); *see also OBH, Inc.*, 86 F. Supp. 2d at 197-98 ("Use of another's trademark is entitled to First Amendment protection only when the use of that mark is part of a communicative message, not when it is used merely to identify the source of a product.").

The offending conduct, therefore, is *not* the use of the mark within the disparaging commentary, but rather the use of the mark in the domain name. The prohibited use of the mark is precisely the use of the mark as a source identifier. However, the disparaging commentary is critical to this analysis because, as stated above, such commentary is what brings the use of the sites within the scope of the FTDA. NCC remains free to use the "Nissan" mark as part of communicative messages, and presumably such messages will be entitled to full First Amendment protection. The injunction allows for the use of the Nissan mark as the domain name only because the permitted uses of nissan.com and nissan.net prevent "commercial use in commerce" of the mark. *See* 15 U.S.C. § 1125(c)(1). However, NCC's proposed use of nissan.com and nissan.net would bring NCC's activities within the purview of the FTDA. It is only then that the use of the Nissan mark as a source identifier becomes unlawful.

Given this analysis, the Court finds that the injunction charts a safe course between the FTDA and the First Amendment. By preventing any "commercial use in commerce" of the sites, the injunction prevents any use of the sites that would bring them within the scope of the FTDA. Thus, the use of the mark in the domain name cannot be dilutive. However, were NCC able to post links to disparaging or negative commentary at nissan.com or nissan.net, the sites would fall within the scope of the FTDA. The use of the mark as the domain names would be unlawfully dilutive. As the domain names are source identifiers and not part of the communicative message, such use of the mark would not fall within the exemption for noncommercial speech. *See OBH Inc.*, 86 F. Supp. 2d at 197 (discussing First Amendment defense: "Had defendants used a domain name other than plaintiffs' trademark, there would be little question that the content of their web site would be protected by the First Amendment . . . and that plaintiffs would have no recourse under the trademark law to prevent defendants conduct").

In sum, the injunction does not limit NCC's ability to criticize, satirize, parody, or disparage Nissan Motor. Instead, it simply removes the element of that speech (namely, the use of nissan.com and nissan.net as a vehicle for such speech) that makes the speech commercial within the meaning of the FTDA. Therefore, the Court finds that NCC does not have a likelihood of success on the merits.

Given this conclusion, the Court need not address the remaining factors under the Rule 62(c) analysis; any harm that NCC suffers as a result of the injunction is, given the analysis above, legally appropriate.

CONCLUSION

Based on the foregoing, the Court denies NCC's motion to stay a portion of the permanent injunction.

IT IS SO ORDERED.

/s/ Dean D. Pregerson
UNITED STATES DISTRICT JUDGE

APPENDIX C

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 99-12980 DDP (Mcx)

NISSAN MOTOR CO., LTD., a Japanese corporation;
NISSAN NORTH AMERICA, INC.,
a California corporation,
Plaintiffs,

v.

NISSAN COMPUTER CORPORATION,
a North Carolina corporation;
THE INTERNET CENTER, INC.,

Defendants.

[Filed: November 13, 2002]

ORDER GRANTING PLAINTIFFS' MOTION FOR A PERMANENT INJUNCTION

Pregerson, District Judge.

This matter comes before the Court on the plaintiffs' motion for a permanent injunction. After reviewing and considering the materials submitted by the parties and hearing oral arguments, the Court grants the motion as set forth below.

BACKGROUND

The plaintiffs, Nissan Motor Co., Ltd. and Nissan North America, Inc. (collectively, "Nissan Motor"), and the defendants, Nissan Computer Corporation ("NCC") and The

Internet Center, Inc. ("IC"), are familiar with the extensive factual and procedural background in this case. Therefore, only an abbreviated history is set forth below.

NCC is a North Carolina corporation in the business of computer sales and services. It was incorporated in 1991 by its current president, Mr. Uzi Nissan. IC is a North Carolina corporation formed in 1995 as an Internet Service Provider. Nissan Motor Co., Ltd. is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, Inc., markets and distributes Nissan vehicles in the United States.

At issue in this case is NCC's ownership and use of the Internet domain names "nissan.com" and "nissan.net," registered in 1994 and 1996, respectively. Following unsuccessful negotiations regarding the possible transfer from NCC to the plaintiffs of the domain name "nissan.com," the plaintiffs filed a complaint against NCC in December 1999. The complaint asserted claims for (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. The Court denied the plaintiffs' application for a temporary restraining order. Subsequently the plaintiffs filed an amended complaint, and NCC filed various counterclaims and an amended answer. In November 2001, the Court granted the plaintiffs' motion to add IC as a defendant.

In early 2002, the Court issued, among other things, certain orders granting the plaintiffs' motion for partial summary judgment as to the infringement of automobile-related goods/services and granting NCC's motion for partial summary judgment as to the plaintiffs' claim of cybersquatting. In August 2002, the Court granted the plaintiffs' motion for summary judgment on their dilution claim against NCC, and the plaintiffs' motion for summary judgment on their alter ego and dilution claims against IC.

The plaintiffs' motion for a permanent injunction is before the Court. The plaintiffs move the Court for a permanent injunction against NCC's and IC's uses of the

domain names "nissan.com" and "nissan.net." Further, the plaintiffs seek transfer of the domain names from NCC and IC to the plaintiffs. The plaintiffs also request the Court to order NCC and IC to post captions and disclaimers on "nissan.com" and "nissan.net," prior to the transfer. Last, the plaintiffs move the Court to order NCC and IC to refrain from posting links to commercial merchandising websites, websites containing negative commentary or remarks regarding the plaintiffs, and other activities that allegedly dilute the plaintiffs' mark.

The defendants argue that "[g]iven Nissan Computer's vested property rights in the domain names, demonstrated willingness to comply with this Court's orders, and voluntary reformations of its websites, transfer of nissan.com and nissan.net is not necessary to protect Nissan Motor's mark." (NCC Opp. at 1.) The defendants argue that an injunction need not issue in this case because the specific injunction sought by Nissan Motor--transferring the domain names--is not warranted. (*See* Opp. at 25.) Among other things, the defendants argue that the requested permanent injunction constitutes an impermissible retroactive application of the law and would violate the defendants' First Amendment rights.

DISCUSSION

A. *Legal Standard*

Under the Federal Trademark Dilution Act (the "FTDA"), 15 U.S.C. § 1125(c)(1), "[t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name ...." Despite the defendants' attempt to argue that *any* permanent injunction is unwarranted, the issues raised in conjunction with this motion primarily involve the scope of such an injunction.

B. *Analysis*

1) *The Relief Sought Is Not Impermissibly Retroactive*

[1] As an initial matter, the defendants argue that an injunction cannot be granted here, as the granting of such an

injunction would be an impermissible retroactive application of the FTDA. The defendants rely on *Circuit City Stores, Inc. v. OfficeMax, Inc.*, 949 F. Supp. 409 (E.D. Va. 1996), for the proposition that mere ownership of the domain names--which began prior to the enactment of the FTDA--cannot support the requested injunctive relief. (*See* Opp. at 7.)

However, liability has been found in this case; the relief requested is prospective and is not intended to punish the defendants for pre-enactment activities. *Circuit City* notwithstanding, injunctive relief under these circumstances is supported by relevant case law. *See Viacom Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 889 (8th Cir. 1998) (rejecting *Circuit City* on the ground that, among other things, "the conduct sought to be enjoined under the FTDA is Ingram's continuing use of its BLOCKBUSTER marks, not its pre-enactment conduct."); *Fuente Cigar, Ltd. v. Opus One*, 985 F. Supp. 1448, 1451-52 (M.D. Fla. 1997) (in evaluating 1125(c) claim, the court rejects *Circuit City;* "Because prospective relief, by its very nature, attaches legal (as opposed to practical) consequences only to events after the statute's enactment, it has no retroactive effect.")). The Court finds that the Supreme Court envisioned a situation such as this when it wrote: "Even absent specific legislative authorization, application of new statutes passed after the events in suit is unquestionably proper in many situations. When the intervening statute authorizes or affects the propriety of prospective relief, application of the new provision is not retroactive." *Landgraf v. USI Film Prods.*, 511 U.S. 244, 273, 114 S.Ct. 1483, 128 L.Ed.2d 229 (1994). A permanent injunction is an appropriate remedy in this case.

2) *The Plaintiffs Are Entitled to an Injunction that Prohibits Commercial Content at Nissan.com and Nissan.net*

[2] In granting summary judgment, the Court held that "NCC's use of the 'Nissan' mark as a domain name 'whittles away' the distinctiveness of the 'Nissan' mark and the ability of the mark to serve as a unique identifier of Nissan's

products." (8/27/02 Order Granting Summ. Judg. at 25.) Thus the Court found that the defendants' use of those domain names constituted dilution.

[3] However, in objecting to the permanent injunction sought by the plaintiffs, the defendants correctly point out that not all uses of domain names constitute unlawful dilution under the FTDA. As recognized recently by the Ninth Circuit in *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002), noncommercial speech is exempted from the FTDA. Dilution law "seeks to protect the mark from association in the public's mind with wholly unrelated goods and services." *Id.* at 904. However, the FTDA is not intended to prohibit or threaten "noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." *Id.* at 905 (quoting statements by the FTDA's sponsors in Congress). "[T]he 'noncommercial use' exemption [was intended] to allay First Amendment concerns." *Id.* at 906.

[4] At oral argument, the plaintiffs urged that, given the famousness of the "Nissan" mark and the related expectations of individuals going to nissan.com or nissan.net, *any* use of those domain names is commercial in nature. The Court is not persuaded by this argument. As the Court wrote in a prior opinion, "[t]he mere use of another's name on the Internet, however, is not per se commercial use." *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166 (C.D. Cal. 1998). Indeed, it is unclear how there is anything commercial about the defendants using nissan.com to post, for instance, family photographs. While visitors to nissan.com or nissan.net might expect commercial content, this fact is not sufficient grounds to bring otherwise noncommercial speech within the reach of the FTDA. Similarly, while the fact that Nissan Motor would not reap the commercial benefits of nissan.com and nissan.net were they to be retained by the defendants, the Court does not believe that such an argument transforms noncommercial use of the domain names into commercial use for purposes of the FTDA. *See Ford Motor*

Co. v. 2600 Enters., 177 F. Supp. 2d 661, 664 (E.D. Mich. 2001) ("[T]he implication ... that the 'commercial use' requirement is satisfied any time unauthorized use of a protected mark hinders the mark owner's ability to establish a presence on the Internet or otherwise disparages the mark owner is flawed."). Dilution was found in this case because the domain names were, in fact, being employed for a commercial purpose; the defendants may continue to use the domain names as long as they are used for noncommercial purposes.

The Court concludes, however, that disparaging remarks or negative commentary at nissan.com and nissan.net (and links to such content) are sufficiently commercial to bring the defendants' use of the domain names within the scope of the FTDA, and therefore should be precluded. The Court notes that the use of a mark to criticize a company is not inherently commercial speech. Courts have thus permitted the posting of this type of speech at websites under the noncommercial speech exemption. *See e.g.*, *Ford Motor Co.*, 177 F. Supp. 2d at 665 (discussing "fuckgeneralmotors.com": "If the FTDA's 'commercial use' requirement is to have any meaning, it cannot be interpreted so broadly as to include any use that might disparage or otherwise commercially harm the mark owner."); *Bally*, 29 F. Supp. 2d at 1167 (discussing "www.compupix.com/ballysucks": "trademark owners may not quash unauthorized use of the mark by a person expressing a point of view"). However, unlike *Ford Motor Co.* and *Bally*, the instant case presents a situation in which the mark *itself* is also the domain name. The goodwill that Nissan Motor has built up in the "Nissan" mark ensures a steady stream of visitors expecting to find Nissan Motor at nissan.com and nissan.net. Critical commentary at nissan.com and nissan.net would exploit this goodwill in order to injure Nissan Motor. Under these circumstances, the critical speech becomes commercial and is subject to the proscriptions of the FTDA. However, like the defendants in *Ford Motor Co.* and *Bally*, the defendants in this case are

free to post critical commentary on other websites, as they have already done at ncchelp.org.

Permitting the defendants to retain the domain names subject to the limitation on critical speech is consistent with the equities in this case. As this Court has pointed out in the context of the plaintiffs' cybersquatting claim, the fact that the domain name consists of the surname of the owner of the corporation distinguishes the instant case from traditional cybersquatting cases. (1/9/02 Order Re Cybersquatting at 9.) Similarly, the defendants do not have a pattern of registering famous trademarks and seeking to extort payment from trademark owners. (*Id.*)

Refraining from requiring the transfer of the domain names is also consistent with the mandate that injunctions be as narrow as possible. *See Carroll v. President & Comm'rs of Princess Anne*, 393 U.S. 175, 184, 89 S.Ct. 347, 21 L.Ed.2d 325 (1968) (an "order must be tailored as precisely as possible to the exact needs of the case."); *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 461 (4th Cir. 2000) ("Injunctions must be narrowly tailored and should prohibit only unlawful conduct."). In granting an injunction enjoining the defendants from using the nissan.com and nissan.net domain names for commercial purposes, the Court's order will do all that is necessary to prohibit unlawful conduct by the defendants.

CONCLUSION

Given the Court's granting of summary judgment and the considerations outlined above, NCC and IC are hereby enjoined from the following:

1) Posting commercial content at nissan.com and nissan.net;

2) Posting advertising (and permitting advertising to be posted by third parties) at nissan.com and nissan.net;

3) Posting disparaging remarks or negative commentary regarding Nissan Motor Co., Ltd. or Nissan North America, Inc. at nissan.com and nissan.net;

4) Placing, on nissan.com or nissan.net, links to other websites containing commercial content, including advertising; and

5) Placing, on nissan.com or nissan.net, links to other websites containing disparaging remarks or negative commentary regarding Nissan Motor Co., Ltd. or Nissan North America, Inc.

IT IS SO ORDERED.

APPENDIX D

Filed Clerk, U.S. District Court
Aug 27 2002
Central District of California By /s/ Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Case No. CV 99-12980 DDP (Mcx)

NISSAN MOTOR CO., LTD., a Japanese corporation;
NISSAN NORTH AMERICA, INC., a California corporation,
Plaintiffs,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation;
THE INTERNET CENTER, INC.,

Defendants.

ORDER GRANTING PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT RE: NISSAN COMPUTER CORPORATION RE: DILUTION

This matter comes before the Court on the plaintiffs' and Nissan Computer Corporation's cross-motions for summary judgment on the dilution claim. After reviewing and

considering the materials submitted by the parties, the Court grants the plaintiffs' motion and denies Nissan Computer Corporation's motion.[1]

BACKGROUND

Plaintiff Nissan Motor, is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, markets and distributes Nissan vehicles in the United States.[2] Nissan Motor owns, and Nissan North America is the exclusive licensee of, various registered trademarks using the word "Nissan" in connection with automobiles and other vehicles. The first such trademark was registered in 1959. Nissan North America also operates an Internet website at "www.Nissandriven.com."

Defendant, Nissan Computer Corporation ("NCC"), is a North Carolina company in the business of computer sales and services. The company was incorporated in 1991 by Uzi Nissan, its current president. Mr. Nissan has used his surname in connection with various businesses since 1980. Nissan is also a term in the Hebrew and Arabic languages. In 1995, NCC registered a trademark for its Nissan Computer logo with the state of North Carolina.

NCC registered the Internet domain names "Nissan.com" and "Nissan.net" in May 1994 and March 1996, respectively. For the next several years, NCC operated websites at these addresses providing computer-related information and services. In July 1995, the plaintiffs sent NCC a letter expressing "great concern" about use of the word "Nissan" in NCC's domain name.

In August 1999, NCC altered the content of its "Nissan.com" website. The website was captioned

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[1] Nissan Computer Corporation has filed a motion to strike the plaintiffs' evidence in support of the plaintiffs' motion for summary judgment on the dilution claim. The Court, where applicable, will address Nissan Computer Corporation's objections to the plaintiffs' evidence within the instant order.

[2] The Court refers to Nissan Motor and Nissan North America collectively as "Nissan" and the "plaintiffs."

"Nissan.com." The website displayed banner advertisements and web links to various Internet search engines and merchandising companies. These advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "AutoVantage.com," and "CarTrackers.com."

In October 1999, the plaintiffs and NCC met to discuss the possible transfer of the "Nissan.com" domain name. Negotiations were unsuccessful.

PROCEDURAL BACKGROUND

On December 10, 1999, the plaintiffs filed a complaint against NCC, asserting claims for (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. On the same day, the plaintiffs filed an application for a temporary restraining order. The Court denied the plaintiffs' application and scheduled a preliminary injunction hearing. On February 4, 2000, NCC filed a motion to dismiss for lack of personal jurisdiction or, in the alternative, for improper venue. The plaintiffs' motion for a preliminary injunction came before the Court for oral argument on February 7, 2000. The Court deferred ruling on the preliminary injunction pending briefing on NCC's motion to dismiss.

On March 23, 2000, the Court issued an order granting the plaintiffs' motion for a preliminary injunction and denying NCC's motion to dismiss. *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1162-64 (C.D. Cal. 2000).[3] The Court found that the plaintiffs had demonstrated a valid, protectable trademark interest in the "Nissan" mark and likelihood of confusion. Accordingly, the Court held that the plaintiffs had shown a likelihood of success on the merits of their trademark infringement claim. The Court ordered NCC to post prominent, identifying

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[3] The Court's March 23, 2000 order was affirmed by the Ninth Circuit on December 26, 2000. *Nissan Motor Co., Ltd. v Nissan Computer Corp.*, 246 F.3d 675 (Table) 2000 WL 1875821 (9th Cir. 2000).

captions and disclaimers on its "Nissan.com" and "Nissan.net" websites, and to cease displaying automobile-related content on these websites.

On May 10, 2000, NCC filed counterclaims against the plaintiffs alleging: (1) "reverse domain name hijacking;" (2) interference with prospective economic advantage; (3) unfair competition/unfair trade practices; (4) unjust enrichment/constructive trust; (5) accounting; (6) "trademark misuse/cancellation of registrations;" and (7) fraud on the United States Patent and Trademark Office ("fraud on the PTO").

On July 31, 2000, the Court dismissed with prejudice NCC's first and sixth counterclaims because they had no basis in law; and NCC's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' commencement of litigation, because they were barred by the *Noerr-Pennington* doctrine and California's litigation privilege. The Court did not dismiss NCC's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' nonlitigation conduct.

On April 17, 2001, the plaintiffs and NCC jointly submitted a scheduling stipulation to the Court, requesting that the trial be continued from its original date of June 19, 2001 until January 22, 2002. The scheduling stipulation also set an October 29, 2001 deadline for filing dispositive motions. On April 24, 2001, the Court signed the stipulation.

On May 29, 2001, NCC filed a motion for leave to file a second amended answer ("SAA"). The proposed SAA reasserted NCC's second through fifth original counterclaims and asserted new counterclaims for (1) cancellation of trademark registrations and abandonment of pending trademark applications; (2) fraud on the PTO; (3) violation of right to publicity in name; and (4) false advertising. On August 1, 2001, the Court granted in part, and abstained from deciding in part, NCC's motion.

On September 17, 2001, the plaintiffs filed a motion to amend their complaint to add The Internet Center, Incorporated ("IC") as a defendant. The plaintiffs sought to

add IC: (1) as the alter ego of NCC; and (2) due to its alleged participation in NCC's continuing efforts to infringe and dilute Nissan's mark. On November 7, 2001, the Court granted the plaintiffs' motion.

On October 29, 2001, the plaintiffs and NCC filed numerous motions for summary judgment. Between December 10, 2001 and January 8, 2002 the Court issued the following orders: (1) granting the plaintiffs' motion for partial summary judgment as to infringement of auto related goods/services and granting NCC's motion for partial summary judgment as to no infringement of non-auto related goods/services (the "Infringement Order"); (2) granting NCC's motion for partial summary judgment as to the plaintiffs' claim of cybersquatting (the "Cybersquatting Order"); (3) granting the plaintiffs' motion for partial summary judgment as to NCC's first, second, and seventh counterclaims (the "Counterclaim Order"); and (4) denying the parties' cross-motions for partial summary judgment as to the plaintiffs' dilution claim (the "Dilution Order").

On December 17, 2001, IC filed its answer. In its answer, IC raised three counterclaims for: (1) cancellation of Nissan Motor's registrations and abandonment of pending trademark applications; (2) fraud on the PTO arising out of the failure to inform the PTO that Nissan Motor was not the sole owner of the "Nissan" mark; and (3) fraud on the PTO arising out of misrepresentations concerning whether the "Nissan" mark was in use in the united States at the time of its registration by Nissan Motor. IC's first and second counterclaims were identical to NCC's first and second counterclaims, on which the Court granted summary judgment for the plaintiffs.

On January 9, 2002, the plaintiffs brought a motion to dismiss IC's counterclaims. The plaintiffs and IC agreed to convert the motion to dismiss IC's first and second counterclaims into a motion for summary judgment. IC adopted by reference the evidence and arguments presented by NCC in its opposition to the plaintiffs' motion for partial summary judgment as to NCC's first, second, and seventh

counterclaims. The Court granted partial summary judgment for the plaintiffs as to IC's first and second counterclaims. The Court, however, denied the plaintiffs' motion to dismiss IC's third counterclaim.

On January 15, 2002, IC brought a motion to modify the scheduling order to allow it to conduct discovery. On February 1, 2002, the Court granted IC's motion and re-opened discovery as to IC and set the new discovery cut-off date as March 29, 2002. Accordingly, the Court continued the pre-trial conference to May 6, 2002 and continued the trial until May 14, 2002.

On March 25, 2002, the plaintiffs filed a second motion for summary judgment regarding the dilution claim. On the same day, the plaintiffs filed a motion for summary judgment regarding IC's third counterclaim. On March 26, 2002, NCC filed an ex parte application to strike the plaintiffs' motion for summary judgment regarding the dilution claim. On March 27, 2002, IC filed an ex parte application to take off calendar the plaintiffs' motion for summary judgment regarding IC's third counterclaim. On March 28, 2002, the Court vacated both of the plaintiffs' motions for summary judgment.

On April 2, 2002, the plaintiffs' filed an ex parte application to modify the scheduling order and to recalendar the motions for summary judgment. On the same day, the parties lodged a stipulation requesting that the Court decide the question of the setting of a new trial date. On April 11, 2002, the Court granted the plaintiffs' ex parte application. The Court ordered that the parties had until June 10, 2002, to file any additional motions for summary judgment.[4] The Court set the trial for October 15, 2002.

By June 10, 2002, the parties had filed the following motions: (1) plaintiffs' motion for summary judgment against IC as to the claims of alter ego and dilution; (2)

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[4] Specifically, IC and Nissan were to file motions for summary judgment. NCC and Nissan were to file a second set of summary judgment motions limited to the dilution claim.

plaintiffs' motion for summary judgment against NCC as to the claim of dilution; (3) NCC's motion for summary judgment as to the claim of dilution; (4) IC's motion for summary judgment as to the claims of infringement, dilution and alter ego; (5) plaintiffs' motion for summary judgment against IC as to the counterclaim for fraud on the PTO; and (6) plaintiffs' motion for Rule 11 sanctions.

On June 24, 2002, IC dismissed its counterclaim for fraud on the PTO. The plaintiffs' motion for summary judgment as to the fraud counterclaim was dismissed as moot. On the same day, the plaintiffs dismissed their motion for Rule 11 sanctions.

Before the Court are the plaintiffs' and NCC's second set of cross-motions for summary judgment on the dilution claim.

DISCUSSION

I. Legal Standard

Summary judgment is appropriate where "there are no genuine issues as to any material fact and . . . the moving party is entitled to summary judgment as a matter of law." Fed. R. Civ. P. 56(c). A genuine issue exists if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party," and material facts are those "that might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby. Inc.*, 477 U.S. 242, 247-48 (1986). Thus, the "mere existence of a scintilla of evidence" in support of the nonmoving party's claim is insufficient to defeat summary judgment. *Id.* at 252. In determining a motion for summary judgment, all reasonable inferences from the evidence must be drawn in favor of the non-moving party. *Id.* at 242.

II. Analysis

A. Internet

The Internet, or the World Wide Web, is a network of computers that allows people to access information stored on other computers within the network. *See Sporty's Farm v. Sportsman's Market. Inc.*, 202 F.3d 489, 492 (2d Cir. 2000). "Information on the Internet is lodged on files called

web pages, which can include printed matter, sound, pictures, and links to other web pages. An Internet user can move from one page to another with just the click of a mouse." *Id.* (footnote omitted). Web pages or web sites are designated by addresses called domain names.

A domain name is made up of two components: a top level domain and a secondary level domain. *Id.* The top level domain is the suffix of the domain name, and the Internet is primarily divided into six top level domains: "(1) .edu for educational institutions; (2) .org for non-governmental and non-commercial organizations; (3) .gov for governmental entities; (4) .net for networks; (5) .com for commercial users; and (6) a nation-specific domain, which is .us in the United States." *Id.* at 492.[5] The secondary level domain is the remainder of the address, and can consist of letters, numbers, and some typographical symbols. Each domain name is unique.

Over the last few years, the commercial side of the Internet has grown rapidly. Web sites are used by many companies to provide product information and to sell products online. Consumers need an easy way to find certain companies to order products or gather information. "The most common method of locating an unknown domain name is simply to type in the company name or logo with the suffix .com." *Id.* at 493 (footnote omitted). If this method is unsuccessful, a user can use a "search engine" which, theoretically, will find all web pages on the Internet containing a particular word or phrase.[6] That search will often produce a list of hundreds of web sites through which the user must sort in order to find what he or she is looking

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[5] Although an American commercial entity can use the .org, .net, or .us top level domains, in the United States, it has become customary for commercial web pages to use .com. *See id.* at 493 n.4.

[6] "Undoubtedly, there are many people who use a search engine before typing in a company name plus .com." *Sporty's Farm L.L.C.*, 202 F.3d at 493. The method that users search the Internet depends on how quickly they think the search engine is likely to locate the desired web page. *Id.*

for. As a result, companies strongly prefer that their domain names be comprised of the company or brand trademark and the suffix .com. *Id.* (citing H.R. Rep. No. 106-412, at 5 (1999)).

Registrars assign domain names on a first-come, first-served basis upon payment of a registration fee. *Sporty's Farm*, 202 F.3d at 493. Domain name registrars do not inquire into whether a domain name request matches or conflicts with anther's trademark. *Id.* Thus, the situation arises where one registers the trademark of another as a domain name.

B. Dilution

The plaintiffs alleged dilution under the Federal Trademark Dilution Act and California Business and Professions Code § 14330. The Ninth Circuit has held that a trademark dilution claim under California law "is subject to the same analysis as [a] federal claim." *Panavision Intl v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998).

The Federal Trademark Dilution Act (the "Dilution Act"), 15 U.S.C. § 1125(c), an amendment to the Lanham Act, provides that "The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . .." 15 U.S.C. § 1125(c)(1). Section 1125(c) entitles an owner of a trademark to injunctive relief and monetary relief under certain circumstances.[7] Courts are split on whether a party

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[7] Section 1125(c)(2) states:

> In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

can sue retroactively for dilution for a mark adopted before enactment of the Dilution Act.[8]

"Dilution legislation flowed from a desire to prevent "'hypothetical anomalies' such as Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth." *E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033, 1037 (S.D. Tex. 2001) (quoting *Mead Data Cent., Inc. v. Toyota Motor Sales U.S.A. Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989)).

Dilution is separate and distinct from trademark infringement. Infringement depends on a likelihood of consumer confusion over the source of a product, while dilution by blurring concerns the lessening of the capacity of a famous mark to identify and distinguish goods or services. 4 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition*, § 24:70 (4th Ed. 2001). In contrast to infringement claims, a dilution claim "shifts the focus away from consumer protection and towards the protection of an . owner's quasi-property right in a famous mark, itself." *Ringling Bros.-Barnum & Bailey Combined Shows Inc v. Utah Div. of Travel Dev.*, 42 U.S.P.Q. 2d 1161, 1172 n.7 (E.D. Va. 1997). Dilution occurs when consumers associate a famous mark that has traditionally identified the mark holder's goods with a new and different source. *McCarthy*, § 24:70. "By causing consumers to connect the famous mark with different products, the subsequent mark weakens, or dilutes, the famous mark's unique and distinctive link to a particular product." *Id.* As Professor McCarthy explains:

> For dilution to occur, the relevant public must make some connection between the mark and both parties. But that connection is not the kind of mental link between the parties that triggers the classic likelihood of confusion test. Rather, the assumption is that the relevant public sees the junior user's use, and intuitively knows, because of the context of the

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15 U.S.C. § 1125(c) (2).

[8] The Court notes that the parties did not address this issue.

junior user's use, that there is no connection between the owners of the respective marks. However, even with those who perceive distinct sources and affiliation, the ability of the senior user's mark to serve as a unique identifier of the plaintiff's goods or services is weakened because the relevant public now also associates that designation with a new and different source. *McCarthy* at § 24.70 at p. 24-122.

Relief is available in a trademark dilution case if the plaintiffs can establish both that they own a mark that is famous and that the defendant began using the plaintiffs' mark after it had become famous. 15 U.S.C. § 1125(c). The Ninth Circuit requires that the plaintiffs must show: "(1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services." *Panavision*, 141 F.3d at 1324.

1. *Fame of the "Nissan" mark*[9]

a. *NCC's first commercial use of "Nissan" alone was in 1994*

The parties dispute the point in time at which the fame of the "Nissan" mark is to be measured. The plaintiffs argue that the point in time at which the fame of the "Nissan" mark should be measured is 1994, which is when NCC registered the domain name "Nissan.com."[10] NCC argues that the point in time at which the fame of the "Nissan"

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9 On December 18, 2001, the Court found that the fame of the "Nissan" mark was to be measured as of 1991. (*See* Dilution Order at 22.) The parties have submitted the date of fame issue for the Court's reconsideration in the current set of motions for summary judgment. As such, the Court reexamines the date of fame for purposes of the dilution analysis.

10 The Court notes that the plaintiffs' motion focuses on NCC's conduct surrounding "Nissan.com." There is no evidence that NCC has engaged in any substantial activity on "Nissan.net."

mark should be measured is 1980, which is when Mr. Nissan began using "Nissan" in conjunction with his other businesses.

Professor McCarthy explains this timing issue as follows:

> [0]ne should not be liable for dilution by the use of a mark which was legal when first used. That is, if at the time of first use, Zeta's mark did not dilute Alpha's mark because Alpha's mark was not famous, then Alpha will not at some future time have a federal dilution claim against Zeta's mark. Thus, the junior user must be proven to have first used its mark *after* the time that plaintiff's mark achieved fame. This requires evidence and proof of the timing of two events: when the plaintiff's mark achieved that elevated status called "fame" and when the defendant made its first use of its mark.

McCarthy, § 24:96 at 24-195-196 (emphasis in original; footnotes omitted). McCarthy's reading is consistent with the language of the statute, which speaks of a party's right to injunctive relief against another's "commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous . . .." 15 U.S.C. § 1125(c)(1). Under ordinary rules of construction, the term "such use" must relate back to "commercial use in commerce." The term "use in commerce" is defined in the Lanham Act as "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." A mark, in turn, "shall be deemed in use in commerce . . . or services when it is used or displayed in the sale or advertising or services and the services are rendered in commerce . . . ." 15 U.S.C. § 1127.

Here, NCC was incorporated in 1991. NCC, as an entity, also started its business of computer sales and services in 1991. NCC's first commercial use of "Nissan Computer Corporation" was in 1991. The plaintiffs, however, are not disputing NCC's use of "Nissan Computer Corporation."

The plaintiffs dispute NCC's use of the "Nissan" mark alone because the plaintiffs' use and registration is of the "Nissan" mark alone. Accordingly, NCC's first commercial use of the "Nissan" mark alone was in 1994 when NCC registered "Nissan.com." The Court, therefore, finds that the fame of the "Nissan" mark is to be measured as of 1994.

Before turning to the fame analysis, the Court, as a threshold matter, finds nothing incongruous about the concept that a single word mark, i.e. "Nissan,' can satisfy all of the fame factors entitling it to fame, and thus be found to be famous, while, at the same time finding that the use of the same mark in conjunction with other words, i.e. "Nissan Computer Corporation," may not be dilutive of the single use of the mark.[11] This situation may arise if the single mark, standing alone, is found to have sufficient strength to be famous. of course, this analysis does not preclude a multiple word mark, i.e. "Nissan Motor Corporation," from being famous, if such mark is found to be famous in its own right.

b. *Fame Factors*

The Dilution Act provides eight non-exclusive factors that courts may consider in determining whether a mark is famous: (1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (3) the duration and extent of advertising and publicity of the mark; (4) the geographic

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11 The Dilution Act protects famous "marks." 15 U.S.C. § 1125(c). The term "mark" includes any trademark, service mark, collective mark, or certification mark. See 15 U.S.C. § 1127. The term "trademark" includes any word, name, symbol, or device, or any combination thereof. (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by the Lanham Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods. *See* 15 U.S.C. § 1127. The Court notes that the phrase "any combination thereof" acknowledges that a mark may include multiple words.

extent of the trading area in which the mark is used; (5) the channels of trade for the goods or services with which the mark is used; (6) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (7) the nature and extent of use of the same or similar marks by third parties; and (8) whether the mark is registered. 15 U.S.C. § 1125(c).

i. *Degree of inherent or acquired distinctiveness*

"[R]egistration on the principal register creates a presumption of distinctiveness - - in the case of a surname trademark, acquired distinctiveness." *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 876 (9th Cir. 1999) (citing 15 U.S.C. § 1057(b)). Here, the plaintiffs' "Nissan" mark was registered in 1959. (Pls' Mtn. at 9; Bridge Decl. Ex. A.) Accordingly, the "Nissan" mark has acquired distinctiveness. This factor weighs in favor of a finding that the "Nissan" mark was famous as of 1994.[12]

ii. *Duration and extent of use of the "Nissan" mark in connection with auto related products*

Nissan Motor Company U.S.A. (the predecessor to Nissan North America) was established in Gardena, California in 1960. (Pls' Mtn. at 9; Pls' Stmnt. Uncontr. Facts ("UF") No. 15.)) Until 1981 the plaintiffs sold vehicles, in the United States, primarily under the brand name "Datsun." The plaintiffs began to phase out the "Datsun" brand name in the United States in 1981, and the "Datsun" brand was eliminated in its entirety by 1985, when all new cars sold by the plaintiffs displayed the "Nissan" brand name and mark. (Pls' Mtn. at 10; UF No. 17.) The plaintiff has provided

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12 NCC objects to the plaintiffs' evidence of registration of the "Nissan" mark as being "not relevant to the issue of famousness." (NCC's Mtn. to Strike at 2-3.) Although registration alone does not prove fame, the Court uses the evidence of registration of the "Nissan" mark as a factor to consider under the fame analysis.

evidence that the number of vehicles sold exclusively under the "Nissan" mark from 1985 through 1991 in the United States was 4,796,518. (Pls' Mtn. at 10; UF 18.) Thus, the plaintiffs have been in the automotive industry under the name of "Nissan" since 1960, and have sold vehicles exclusively under the "Nissan" mark since 1985.

Based upon this evidence, the Court finds that the duration and extent of the plaintiffs' use of the "Nissan" mark in the United States weighs strongly in favor of a finding of fame.

iii. *Duration and extent of advertising and publicity of the "Nissan" mark*

The plaintiffs spent $898,709,000 on advertising the "Nissan" mark in the United States from 1985 through 1991. (Pls' Mtn. at 11; UF No. 19.) The plaintiffs have submitted evidence of automobile advertisements that ran on network television in 1985, 1986, and 1987 for vehicles such as the Nissan 3002X, the Nissan Maxima, the Nissan Stanza, the Nissan Sentra, the Nissan 200SX, the Nissan Pulsar, the Nissan Pathfinder, the Nissan Widebody Van, the Nissan King Cab Truck, the Nissan Long Bed Truck, and the Nissan 4x4 King Cab Truck. (Pls' Mtn. at 12; UF 20.) In 1988, Nissan launched the "Road to Rio" advertising campaign. (Pls' Supp. Mtn. at 2; Beck Decl., Ex. A.) The Road to Rio campaign premiered over six consecutive weeks on Monday Night Football. (*Id.*) The Road to Rio campaign was awarded Best TV Commercial of 1988 by "Advertising Age" magazine. (*Id.*)

In May 1989, a Gallop poll found that Nissan was among the top ten advertisers in the American public's top-of-mind awareness. (*Id*) The Gallop poll asked 1,000 people, "Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind?' (*Id.*) Nissan was cited as the tenth most popular answer - right after Toyota, Miller, Budweiser, and Tide. (*Id.*)

Based upon this evidence, the Court finds that the duration and extent of advertising and publicity of the

plaintiff's "Nissan" mark in the United States weighs strongly in favor of a finding of fame.

iv. *Geographic extent of the trading area and the channels of trade in which the "Nissan" mark is used*

The plaintiffs sell vehicles exclusively under the "Nissan" mark nationwide. (Pls' Mtn. at 10; UF 18.) The Court finds that this factor weighs strongly in the plaintiffs' favor.

v. *Degree of recognition of the "Nissan" mark*

The plaintiffs have submitted Allison-Fisher survey data from 1984-2001 as evidence of the levels of "Nissan" brand awareness among the consuming public. (Pls' Mtn. at 14; Pls' Supp. Mtn. at 2.) Allison-Fisher survey data is used in the industry to measure public awareness of automotive brands. Here, the plaintiffs rely on Allison-Fisher's "Awareness data.[13]

Specifically, the data shows: 55% "Nissan" awareness existed in December 1985; 60% "Nissan" awareness existed in December 1986; 65% "Nissan" awareness existed in December 1987; and "Nissan" awareness increased to 70% by 1992, a level where it has approximately remained to the present day. (See Pls' Supp. Brief, Perry Decl. ¶ 7; Ex. A.)

Based upon this evidence, the Court finds that since the mid-1980s there has been high (over 50%) consumer recognition of the "Nissan" mark within the context of the automotive industry. By 1994, "Nissan" was a strong and

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13 Allison-Fisher "Awareness" surveys are conducted by mail, and survey recipients are questioned regarding their degree of awareness with various automobile companies. (Pls' Reply at 13; Perry Decl. ¶ 5.) The "Awareness°" survey is a quarterly survey sent to approximately 660,000 households in the United States, with a 60% response rate. (*Id.*) The "Awareness" survey is targeted to households based on socio-economic and census-regional characteristics. (*Id.*) The questionnaire asks, "How familiar are you with each of these various makes of cars and or trucks? 1 = Very Familiar; 2 = Somewhat Familiar; or 3 = Not At All Familiar." (*Id.*)

widely recognized vehicle brand. The Court finds that by at least 1994, the "Nissan" vehicle brand was a major participant within the automotive industry, and thus this factor weighs strongly in favor of a finding of fame.

vi. *Nature and extent of use of the "Nissan" mark by third parties*

NCC has submitted an extensive list of third parties who use the word "Nissan" in conjunction with a business. (Def's Stmt. Gen. Iss. Mat. Fact ("Genuine Issues") Nos. 40-47.) For example, Nissan Thermos, Nissan Chemical, Nissan Fire and Marine Insurance, Nissan Realty, Nissan Woodworks, Nissan Antiques, Nissan Fabric and Textile, etc. However, all of these third parties use "Nissan" within the context of a multiple word identifier.[14] The plaintiffs are objecting to the use of "Nissan" as a single word identifier, which is their trademark. Using "Nissan" within the context of a multiple word identifier is a different use because it is a different trademark.

NCC's use of the "Nissan" mark as a domain name is the only use that is identical to the "Nissan" mark. "Nissan.com" is the same as "Nissan." The law is clear that a mark with a .com or .net is identical to the mark without .com or .net. *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1055 (9th Cir. 1999) (observing that the

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14 NCC states: "Some Thermos products/advertising materials display the word 'Nissan' alone, while others display the 'Thermos Nissan' logo." (Genuine Issues No. 31.) NCC does not cite to any evidence of Thermos's use of "Nissan" alone. The Court has reviewed Volume III of the Declaration of Tasha L. Kolipinski Re: Third Party Uses In Opposition To Plaintiffs' Motion For Summary Judgment Re: Dilution and 1991 Fame, which contains the information on Thermos's use of "Nissan." The Court did not find examples of Thermos using "Nissan" as a single word identifier.

The Court further notes that the plaintiffs have submitted evidence that Thermos and the plaintiffs are signatories to an agreement among six Japanese companies in which the signatories agree to respect one another's trademark rights. (*See* Declaration of Daniel Beck in support of the plaintiffs' motion for partial summary judgment on the defendant's counterclaims for fraud on the patent and trademark office, Ex. G.)

differences between the mark "MovieBuff" and the domain name "moviebuff.com" are "inconsequential in light of the fact that Web addressee are not caps-sensitive and that the '.com' top-level domain name signifies the site's commercial nature." (citing *Public Serv. Co. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 439 (D. Mass. 1999) (finding "energyplace.com" and "Energy Place" to be virtually identical)); *Minnesota Mining & Mfg. Co. v. Taylor*, 21 F. Supp. 2d 1003, 1005 (D. Minn. 1998) (finding "post-it.com" and "Post-It" to be the same); *Interstellar Starship Servs., Ltd. v. EPIX, Inc.*, 983 F. Supp. 1331, 1335 (D. Or. 1997) ("In the context of Internet use, ('epix.com') is the same mark as ['EPIX')."); *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 1997 WL 133313, at *8 (S.D.N.Y. Mar. 24) (concluding that "plannedparenthood.com" and "Planned Parenthood" were essentially identical), *aff'd* by, 152 F.3d 920 (2d Cir. 1998), *cert. denied*, 525 U.S. 834 (1998)).

Moreover, the plaintiffs' independent survey evidence demonstrates that no sizable portion of consumers associate "Nissan" with any third-party user.[15] (*See* Bridge Decl., Ex. F.) The Ford Survey found that "among the general public of adults eighteen years of age or above, in the United States, approximately seventy-six percent (75.68%) exclusively associate the word "Nissan" with the single source, Nissan Motors." (*Id.*) In addition, the Ford Survey found that "approximately eighty-four percent (83.5%) [of

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[15] NCC objects to the Ford Survey on the ground of relevance. (NCC's Mtn. to Strike at 10.) NCC argues that the Ford Survey does not address whether the "Nissan" mark was famous in 1994. (*Id.*) Although the Ford Report measures public awareness of the "Nissan" mark as of 2001, the Court finds that the report is relevant because it demonstrates that the third party uses of the "Nissan" mark cited by NCC have had an insignificant impact on the minds of consumers. NCC further objects to the reliability of the Ford Report. The Court determined in the previous summary judgment motions that the Ford Report was reliable and admissible. (*See* Infringement Order.)

internet users] exclusively associate the word Nissan with the single source Nissan Motors."

The Court finds that, with the exception of NCC, all third party users use "Nissan" with other identifiers. Given the evidence of strong public awareness of the "Nissan" mark, the Court finds the effect of these third-party uses is insignificant. Accordingly, this factor weighs in the plaintiffs' favor.

vii. *Registration of the "Nissan" mark*

The "Nissan" mark is federally registered and has been incontestable for over 35 years. (Pls' Mtn. at 3; UF 1.) This factor weighs strongly in the plaintiffs' favor.

b. *Conclusion*

Based on the above factor analysis, the Court finds that the "Nissan" mark was famous at the time that NCC registered the "Nissan.com" domain name in 1994.

2. *Whether NCC made a commercial use of the "Nissan" mark in commerce*

"Commercial use under the Federal Trademark Dilution Act requires the defendant to be using the trademark as a trademark, capitalizing on its trademark status." *Avery Dennison*, 189 F.3d at 880; *see also Academy of Motion Picture Arts & Sci. v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1279 (C.D. Cal. 1997) (the defendant's use of the plaintiff's trademark to market the defendant's product constitutes commercial use).

Here, the plaintiffs contend that NCC is making commercial use of the "Nissan" mark through the operation of its websites. (Pls' Mtn. at 21.) In support of this argument, the plaintiffs submit evidence that in August of 1999, NCC altered the content of the "Nissan.com" website, by adding advertisements and Internet links to automobile and other merchandising companies. (*Id.*; UF No. 13.) The advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "AutoVantage.com," and "CarTrackers.com." In essence, NCC used the fame of the "Nissan" mark to re-direct Nissan car customers to other automobile merchandisers. NCC removed all automobile-

related advertising links shortly after the plaintiffs filed the instant lawsuit on December 10, 1999. However, between August 1999 and December 1999, under its "Nissan.com" website, NCC sold advertisements and provided Internet links to automobile and other merchandising companies.

Based upon the evidence submitted, the Court finds that NCC's alteration of the content of the "Nissan.com" website, by adding advertisements and Internet links to automobile and other merchandising companies, constitutes commercial use.

3. *Whether NCC's use began after the "Nissan" mark became famous*

The Court has determined that the "Nissan" mark was famous at least as early as 1994. Thus, when NCC registered "Nissan.com" in 1994, the "Nissan" mark was already famous.

4. *Whether NCC's use of the "Nissan" mark dilutes the quality of the mark*

The Dilution Act defines "dilution" as the lessening of the capacity of a famous mark to identify and distinguish goods or service, regardless of the presence or absence of competition between the famous mark and others, or a likelihood of confusion, mistake, or deception. 15 U.S.C. § 1127.

How dilution occurs, or by what means it may be measured or detected is not specified in the Dilution Act. Congress intended the above definition "to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement, and by diminishment." *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996) (quoting H.R. Rep. No. 104-374 (1995), reprinted in 1996 U.S.C.C.A.N. 1029); *see also Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 208 (S.D.N.Y. 1996); *Toys "R" Us, Inc. v. Akkaoui*, 40 U.S.P.Q. 2d 1836, 1838 N.D. Cal. 1996).

a. *Blurring and Diminishment*

Blurring and diminishment injure the mark's selling power by "whittling away" the distinctiveness of a mark and the ability of the mark to serve as a unique identifier of the source of goods and services. *McCarthy*, § 24:68. The Ninth Circuit has found dilution based on the diminishment of a famous mark."[16] *Panavision*, 141 F.3d at 1326. In *Panavision*, the defendant registered famous trademarks of others as Internet domain names for the purpose of selling the domain name registrations to the trademark owners. *Id.* The *Panavision* court found that the defendant's conduct "diminished the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet [as a domain name]." *Id.* (internal quotations & citation omitted).

Here, NCC's use of the "Nissan" mark has diluted the mark by blurring its ability to distinguish Nissan's goods from other company's products.

First, NCC's use of the "Nissan" mark as a domain name "whittles away° the distinctiveness of the "Nissan" mark and the ability of the mark to serve as a unique identifier of Nissan's products. *See, e.g., McCarthy*, § 24:68. The plaintiffs submitted evidence demonstrating that 92% of Internet users expect to find Nissan, the car company, or a car company when they visit "Nissan.com." (Pls' Mtn. at 4; Bridge Decl., Ex. G (Expert Rpt. of Dr. E. Deborah Jay of the Filed Research Corporation at p. 10.) In contrast, fewer than 2% of those persons who type in "www.Nissan.com" directly would expect to find a company selling computers. (*Id.*) This evidence supports the inference that NCC's use of the "Nissan" mark as a domain name, thus excluding the plaintiffs from using the mark as an address and an identifier on the Internet, has a significant dilutive effect.

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[16] The Ninth Circuit noted that, "To find dilution, a court need not rely on the traditional definitions such as 'blurring' and `tarnishment'." *Panavision*, 141 F.3d at 1326 (footnote omitted). In finding dilution, the *Panavision* court looked to the defendant's conduct to hold that it diminished the "Panavision" mark.

Second, at the time the plaintiffs filed suit, NCC was selling advertising space and website links to automobile and other merchandising companies, capitalizing on consumer confusion. By promoting the sale of automobiles and merchandise under the "Nissan.com" domain name, the Court finds that NCC has caused the "Nissan" mark to lose its capacity to uniquely identify distinguish Nissan's goods and services on the Internet.

Given the evidence that 92% of Internet users expect to find a car company at "Nissan.com" combined with NCC's auto related advertising and links at "Nissan.com," the Court finds that NCC's use of "Nissan" as a domain name diminishes the capacity of the mark to distinguish Nissan's goods from other company's products.

b. *Tarnishment and Disparagement*

Tarnishment occurs when a famous mark is improperly associated with an inferior or offensive product or service. *McCarthy*, § 24. Tarnishment and disparagement damage the image of the trademark. *Id.* at § 24:95. Even the danger of potential tarnishment has been cited as a basis for finding dilution. *Intermatic*, 947 F. Supp. at 1232.

In *Intermatic*, the defendant used plaintiff's mark in his Internet site domain name, even though the site contained nothing more than a map and contained no information about the plaintiff's products. *Id.* at 1232. As explained by the *Intermatic* court, "if [defendant] were allowed to use 'intermatic.com,' Intermatic's name and reputation would be at [defendant's] mercy and could be associated with an unimaginable amount of messages on [defendant's] web page . . . [a]ttaching Intermatic's name to a myriad of possible messages . . . is something that the [Lanham] Act does not permit." *Id.* at 1240.

Subsequent courts have similarly found that one's exclusive control over another's trademark, within the context of a domain name, effectively prevents the holder of the famous mark from ensuring the ability of the mark to serve as a unique identifier for its goods and services. *See, e.g., Panavision*, 141 F.3d at 1326 (finding that the

defendant's conduct "diminished the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet [as a domain name]."); *Gallo*, 129 F. Supp. 2d at 1041 (concluding that the defendant has effectively usurped the plaintiff's trademark, as the plaintiff is not free to use its mark as its domain name); *see also Jews For Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998) (finding that the use by the defendant in his domain name of the mark and the name of the plaintiff organization has resulted not only in a loss of control over the mark and the name of the plaintiff organization, but also in the reality that views directly contrary to those of the plaintiff organization will be disseminated through the unauthorized use of the mark and the name of the plaintiff).

The plaintiffs contend that NCC's use of "Nissan.com" is causing the "Nissan" mark to be diluted through tarnishment. For example, a majority of Internet users who arrive at the "Nissan.com" site hope to find Nissan, the car company. (Pls' Mtn. at 23; Bridge Decl., Ex. P.) Instead, they often reach NCC's site. The look and design of the "Nissan.com" website does not meet the same high standards that Nissan has set for itself regarding products and marketing materials. A comparison of "Nissandrive.com" and "Nissan.com" shows that the Nissan website is a sophisticated website with graphics and images for the consumer, as well as links to educate the consumer about Nissan vehicles. In contrast, the "Nissan.com" website is a text only domain with links to other commercial sites.

Moreover, at the time this lawsuit was filed, a consumer arriving at "Nissan.com" would find banner advertisements and web links to various Internet search engines and merchandising companies. These advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "Autovantage.com," and "CarTrackers.com." After this lawsuit was filed, NCC removed all automobile advertising and replaced it with negative commentary and disparaging remarks about

Nissan Motors and the instant lawsuit. (Pls. Mtn. at 24; Bridge Decl., Ex. W (containing samples from 430 pages of posted e-mails wherein persons disparage Nissan, with statement such as: "Nissan Motor Corp. . . SHAME ON YOU!;" "I am buying a new car soon and I am not sure of what model I will buy, but I can tell you right now it WON'T be a Nissan. You money grubbing losers!;" and "BOYCOTT ANYTHING MADE OR SOLD BY Nissan MOTORS.").)

The Court finds that NCC's use of "Nissan.com" constitutes tarnishment under the Dilution Act. Furthermore, NCC has demonstrated, through continued disparagement of Nissan Motors at "Nissan.com," that it would be detrimental to the plaintiffs to put their "name and reputation at [NCC's] mercy" to "be associated with an unimaginable amount of messages" on NCC's website. *See, e.g., Intermatic*, 947 F. Supp. at 1240.

5. *Conclusion*

The Court finds that the plaintiffs have satisfied their burden by demonstrating that as a matter of law: (1) the "Nissan" mark is famous; (2) NCC is making a commercial use of the mark in commerce; (3) NCC's use began after the mark became famous; and (4) NCC's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish the goods and services. Based upon the evidence, no reasonable jury could conclude other than the "Nissan" mark was famous in 1994 and that NCC's conduct diluted the quality of the mark. The Court, therefore, grants the plaintiffs' motion for summary judgment on the dilution claim.

C. *Laches*

NCC has asserted the equitable defense of laches to the plaintiffs' dilution claim."[17]

1. *Laches Within The Context of Dilution*

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[17] NCC's laches defense is contained in NCC's motion for summary judgment re: dilution. Accordingly, in this section the Court refers to NCC's motion and the plaintiffs' opposition.

The Dilution Act states that remedies shall be "subject to the principles of equity." The Ninth Circuit has yet to decide a case applying laches as a bar to a federal dilution claim. As a result, Nissan and NCC each propose a different test for this Court to adopt in determining when laches bars a federal dilution claim.

NCC argues that the Court should apply the test used to determine laches in false advertising claims under § 43(a) of the Lanham Act. The Ninth Circuit found that a three-year statute of limitations applies to laches defenses for false advertising claims. *Jarrow Formulas, Inc, v. Nutrition Now, Inc.*, 2002 WL 1163624 1*, 7* (9th Cir.).[18] Laches is presumptively a bar to suit under § 43(a) if the statute of limitations has run. *Id.* at *6. Moreover, if any part of the claimed wrongful conduct occurs beyond the limitations period, it triggers the presumption that laches is a bar. *Id.* However, even if the burden has shifted to the plaintiff, the Court must still consider equitable factors such as the length of the plaintiffs' delay in filing suit, the reasonableness of the delay, and whether such reasons constitute a legitimate excuse for delay. *Id.*

In contrast, Nissan argues that this Court should apply the balancing test used in trademark infringement cases to determine when laches bars a federal dilution claim. The Court agrees that dilution is more analogous to trademark infringement than false advertising, and therefore applies the trademark infringement test.[19]

a. *Trademark Infringement Test*

In the Ninth Circuit, the practice of determining whether delay is reasonable by analogizing to a state statute of limitations has been applied to patent infringement cases and false advertising cases. *Clamp Mfg. Co., Inc. v. Enco*

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[18] Because *Jarrow* was recently decided, only the Westlaw citation was available at the time the Order was written.

[19] The Court notes that even if it were to apply the *Jarrow* test, Nissan would overcome the presumption of injury. (*See* discussion *infra* Section C.l.a.)

Mfg. Co., Inc., 870 F.2d 512, 515 (9th Cir. 1989). The Ninth Circuit, however, has left open the question of whether injury should be presumed if the delay in filing a trademark infringement suit exceeds the period of the analogous statute of limitations.[20] *Id.*

In trademark infringement cases, the Ninth Circuit determines if laches applies by weighing a variety of factors: (1) strength and value of trademark rights asserted; (2) plaintiff's diligence in enforcing the mark; (3) harm to senior user if relief is denied; (4) good faith ignorance by junior user; (5) competition between senior and junior users;[21] and (6) extent of harm suffered by junior user because of senior user's delay. *Id.* In addition, the Court must examine whether Nissan's delay in bringing its dilution claim was reasonable. *Id.* ("A successful assertion of the [laches] defense requires [defendant] to show an unreasonable delay by [plaintiff] in filing suit."); *see also Suh v. Yang*, 987 F. Supp. 783, 794 (N.D. Cal. 1997) ("To invoke the laches defense [in a trademark infringement case], an alleged infringer must prove the following two factors: '1. the plaintiff delayed filing suit for an unreasonable and inexcusable length of time from the time the plaintiff knew or reasonably should have known of its claim against the defendant, and 2. the delay operated to the prejudice or injury of the defendant. The length of time which may be deemed unreasonable has no fixed boundaries but rather depends on circumstances.'" (citing *A.C. Aukerman Co, v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1032 (Fed. Cir. 1992))).

i. *Unreasonable Delay*

NCC registered the "Nissan.com" domain name on May 4, 1994. On July 11, 1995, Nissan sent a letter to NCC informing NCC that Nissan found NCC's conduct to be a

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[20] The court notes that even if injury is presumed, Nissan overcomes the presumption of injury.

[21] This factor is less relevant regarding Nissan's dilution claim because likelihood of confusion is not at issue.

possible violation of Nissan's trademark rights. (Pls' Opp. at 15; Mayer Decl. II., Ex. G.) In December 1999, Nissan filed a lawsuit against NCC alleging, among other claims, a claim for dilution. Thus, the Court must decide whether Nissan unreasonably delayed by bringing suit approximately four and one half years after sending the letter to NCC.

The Court finds that this is a unique case because it involves emerging technology. In 1995, when Nissan first learned that NCC was using the "Nissan" mark as a domain name, the Internet had little immediate relevance as a commercial medium. By 1999, the Internet had transformed into an essential marketing tool, with the ability to reach millions of potential customers throughout the United States and around the world. Indeed, it was not until August 1999 that NCC recognized that it was receiving hundreds of thousands of visits per month from people looking for information about Nissan cars, and only then did NCC alter the nature and character of its "Nissan.com" website to exploit this traffic. (Pls' Opp. at 16.) Nissan immediately contacted NCC to try to resolve the problem. Because the parties were unable to resolve the problem, Nissan filed the instant lawsuit approximately three months later.

The Court finds that NCC's original use of the "Nissan.com" domain name, combined with the relative infancy of the Internet in 1995, supports a finding that Nissan did not unreasonably delay in bringing its claim for dilution. Nissan could legitimately have decided that NCC posed little threat of dilution to the Nissan mark.

ii. *Strength and enforcement of Nissan's mark*

Nissan has provided considerable evidence of the strength of its mark, and its diligence in enforcing it. Because Nissan registered the "Nissan" mark on the Principal Register in 1959, and it has been used continuously ever since, the mark is presumed to have acquired distinctiveness. *See Avery Dennison*, 189 F.3d at 876.

Moreover, in the context of dilution, the Court found that the "Nissan" mark has been famous since at least 1994.

Nissan has also submitted evidence that its policy has been to take action regarding those uses that exploit the goodwill and reputation of the "Nissan" mark. (Pls' Opp. at 18.) Nissan has submitted "cease and desist" letters dating back to 1986 regarding infringement of the "Nissan" mark, including the letter sent to NCC. (*See* Bridge Decl., Ex. U.) These letters advise potential infringers that Nissan would seek legal recourse if they did not halt their use of Nissan's federally registered trademark.

The Court finds that Nissan's mark is strong and that Nissan has diligently enforced its mark. Thus, the Court finds that this factor weighs strongly in Nissan's favor.

iii. *Harm to Nissan*

Nissan argues it will suffer extreme prejudice if its dilution claim is barred by laches.

The Court has found that NCC intentionally infringed the "Nissan" mark regarding auto-related goods and services. (Infringement Order at 22.) The Court has also found that NCC's conduct on "Nissan.com" dilutes the "Nissan" mark. Even now, NCC continues to post disparaging comments about Nissan in this litigation on its websites, and has embarked on a media campaign in an attempt to further harm Nissan's reputation and goodwill. (Pls' Opp. at 19; Mayer Decl. II, Ex. I.) This conduct demonstrates NCC's willingness and ability to continue to exploit the "Nissan" mark. *See, e.g., Gallo*, 286 F.3d at 280 ("[D)efendant's unauthorized use of a plaintiff's trademark on the internet to disseminate views contrary to the plaintiff's would result in imminent irreparable harm without an injunction."); *Jews for Jesus*, 993 F. Supp. at 307 (finding that "using the Mark and the Name of the Plaintiff Organization to lure individuals to his Internet site where he makes disparaging statements about the Plaintiff Organization . . . amounts to 'blurring' and 'tarnishment' of the Mark and the Name of the Plaintiff Organization); *Panavision*, 141 F.3d at 1327 (finding that the defendant's

use of the domain name "panavision.com" diluted the famous PANAVISION trademark).

In addition, Nissan spent over $898 million in advertising "Nissan" branded products from 1985-1991. (Pls' Opp. At 20; Gustafson Decl. ¶¶3-4.) From the 1980s to the present, Nissan has advertised its "Nissan" branded products on television, in print, on radio, and on the Internet, in major metropolitan areas of the United States, using advertising copy that includes the "Nissan" trademark. (Pls' Opp. at 20; Perry Decl. ¶11.) Accordingly, NCC's continued exploitation of the famous "Nissan" mark will harm Nissan's investment in promoting its mark. *See Grup Gigante v. Dallo & Co., Inc.*, 119 F. Supp. 2d 1083, 1106 (C.D. Cal. 2000) (finding that if defendants were exploiting plaintiff's mark, the court would be more likely to find the defense of laches inapplicable).

The Court finds that if Nissan's claim for dilution is barred by the doctrine of laches, and NCC is permitted to continue its dilutive conduct, Nissan will be prejudiced. Thus, this factor weighs in the plaintiffs' favor.

iv. *Bad Faith*

Nissan argues that NCC is not entitled to a laches defense because NCC has sought, in bad faith, to trade off the goodwill associated with the "Nissan" mark. *See National Customer Eng'g, Inc. v. Lockheed Martin Corp.*, 43 U.S.P.Q. 2d 1036, 1040 (C.D. Cal. 1997) ("[T]he equitable doctrine of laches may be invoked only by a party acting in good faith."). In August 1999, NCC altered the content of its "Nissan.com" website. The website displayed banner advertisements and web links to various Internet search engines and merchandising companies. These advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "AutoVantage.com," and "CarTrackers.com." The Court previously found that NCC intended to divert Nissan's customers from Nissan's website for NCC's own commercial gain. (*See* Infringement Order at 22.) Clearly, NCC was capitalizing upon the traffic that was

coming to the "Nissan.com" site in search of Nissan Motors. (Pls' Opp. at 21.)

Based upon NCC's conduct, the Court finds that this factor weighs in the plaintiffs' favor.

v. *Harm to NCC*

NCC argues it has been harmed because it invested time and resources building up goodwill in its website during the time that Nissan delayed in filing. NCC further argues that its customers will conclude NCC has gone out of business if they access the "Nissan.com" website and do not find NCC. According to NCC, hundreds of customers who use NCC as an ISP would have to alter their e-mails. However, the Court finds that NCC has not provided evidence to support these assertions.

While NCC and its customers will certainly suffer some inconvenience if NCC changes its website, the Court finds that the harm is minimal and can be alleviated to a substantial degree by Nissan's proposals.[22] Nissan has registered the domain names "Nissancomputer.com" and "Nissancomputer.net" on behalf of NCC, and has offered to post a notice on the "Nissan.com" website for a limited time alerting NCC customers to its new websites. The Court, therefore, finds that this factor weighs in the plaintiffs' favor.

2. *Conclusion*

The Court finds that laches is not a bar to suit because the equities weigh in Nissan's favor. Under the balancing test for trademark infringement, this Court finds that Nissan's delay was reasonable, the "Nissan" mark is strong and has been aggressively enforced, Nissan would be harmed if relief were denied, that NCC intentionally diverted traffic from Nissan motors, and that NCC has not suffered serious harm because of Nissan's delay in filing suit.

CONCLUSION

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[22] The Court notes that NCC can also use its "ncchelp.org" website, which customers are already using.

Based on the foregoing analysis the Court grants the plaintiffs' motion for summary judgment on the dilution claim. The Court further denies NCC's motion for summary judgment.

IT IS SO ORDERED.

s/ Dean D. Pregerson
UNITED STATES DISTRICT JUDGE

APPENDIX E

Filed Clerk, U.S. District Court
Jan -7 2002
Central District of California By /s/ Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 99-12980 DDP (Mcx)

NISSAN MOTOR CO., LTD., a Japanese corporation;
NISSAN NORTH AMERICA, INC.,
a California corporation,
Plaintiffs,

v.

NISSAN COMPUTER CORPORATION,
a North Carolina corporation;

Defendant.

ORDER:
(1) GRANTING THE DEFENDANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT AS TO NO INFRINGEMENT OF NON-AUTO RELATED GOODS/SERVICES; AND
(2) GRANTING THE PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT

AS TO INFRINGEMENT OF AUTO RELATED GOODS/SERVICES

This matter comes before the Court on the defendant's motion for partial summary judgment on the trademark infringement claim, asserting that there is no infringement of non-auto related goods.[1] The plaintiffs oppose the motion, as well as, filing a separate motion for partial summary judgment on the trademark infringement claim[2]. After reviewing and considering the materials submitted by the parties and hearing oral argument, the Court finds that as a matter of law the defendant has not infringed on the plaintiffs trademark regarding non auto-related goods and services. However, the Court also finds that as a matter of law the defendant has infringed on the plaintiffs' trademark regarding auto related goods and services.

BACKGROUND

Plaintiff Nissan Motor Co., Ltd., is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, Inc., markets and distributes Nissan vehicles in the United States. Nissan Motor Co. owns, and Nissan North America is the exclusive licensee of, various registered trademarks using the word "Nissan" in connection with automobiles and other vehicles. (Rinek Decl. ¶ 4-5 Ex. B to Mayer Decl.) The first such trademark was registered in 1959. (*Id.*) Nissan North America also operates an Internet website at "www.nissan-usa.com."

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[1] Because the parties are essentially filing cross-motions for partial summary judgment as to the infringement claim, or parts thereof, the Court addresses the parties' motions together. Moreover, the Court's decision about whether the defendant has infringed the plaintiffs' trademark in the context of non-auto related goods determines the scope of the discussion regarding the plaintiffs' motion.

[2] The Court addresses the plaintiffs' partial motion for summary judgment as to the dilution claim in a separate order.

The defendant, Nissan Computer Corporation, is a North Carolina company in the business of computer sales and services. The company was incorporated in 1991 by Uzi Nissan, its current president. (Greenstein Decl. ¶ 6 Ex. 199.) Mr. Nissan has used his surname in connection with various businesses since 1980. (*Id.* ¶¶ 2-3; Exs. 39-40.) Nissan is also a term in the Hebrew and Arabic languages. (*Id.*¶ 2 & Ex. 38.) In 1995, the defendant registered a trademark for its Nissan Computer logo with the state of North Carolina. (*Id.* Ex. 45.)

The defendant registered the Internet domain names "nissan.com" and "nissan.net" in May 1994 and March 1996, respectively. (Compl. Exs. B, C.) For the next several years, the defendant operated websites at these addresses providing computer-related information and services. In July 1995, the plaintiffs sent the defendant a letter expressing "great concern" about use of the word Nissan in the defendant's domain name. (Greenstein Decl. ¶ 13 Ex. 199.)

In August 1999, the defendant altered the content of its "nissan.com" website. (Davis Decl. ¶ 7 Ex. C to Mayer Decl.) The website was captioned "nissan.com," and displayed a "Nissan Computer" logo that is allegedly confusingly similar to the plaintiffs' "Nissan" logo. (Mayer Decl. Ex. F.) In addition, the website displayed banner advertisements and web links to various Internet search engines and merchandising companies. (Davis Decl. ¶ 8 Ex. C to Mayer Decl.) These advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "AutoVantage.com," and "CarTrackers.com." (*Id.*)

In October 1999, the parties met to discuss the possible transfer of the nissan.com domain name. (Greenstein Decl. ¶ 28 Ex. 199.) In the course of these discussions, Mr. Nissan stated that he would not sell the domain name except for several million dollars, and made a proposal involving monthly payments in perpetuity. (*Id.* ¶ 31.) Negotiations were unsuccessful.

PROCEDURAL BACKGROUND

On December 10, 1999, the plaintiffs filed this action against the defendant, asserting claims for (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. Also on December 10, the Court denied the plaintiffs' request for a temporary restraining order and scheduled a preliminary injunction hearing. On February 4, 2000, the defendant filed a motion to dismiss for lack of personal jurisdiction or, in the alternative, for improper venue. The plaintiffs' motion for a preliminary injunction came before the Court for oral argument on February 7, 2000. The Court deferred ruling on the preliminary injunction pending briefing on the defendant's motion to dismiss.

On March 23, 2000, the Court issued an order granting the plaintiffs' motion for a preliminary injunction and denying the defendant's motion to dismiss. *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1162-64 (C.D. Cal. 2000).[3] The Court found that the plaintiffs had demonstrated a valid, protectable trademark interest in the "Nissan" mark and a likelihood of confusion. Accordingly, the Court held that the plaintiffs had shown a likelihood of success on the merits of their trademark infringement claim. The Court ordered the defendant to post prominent, identifying captions and disclaimers on its "nissan.com" and "nissan.net" websites, and to cease displaying automobile-related content on these websites.

On May 10, 2000, the defendant filed counterclaims against he plaintiffs alleging (1) "reverse domain name hijacking" (2) interference with prospective economic advantage; (3) unfair competition/unfair trade practices; (4)

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[3] The Court's March 23, 2000 order was affirmed by the Ninth Circuit on December 26, 2000. *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 246 F.3d 675 (Table) 2000 WL 1875821 (9th Cir. 2000).

unjust enrichment/constructive trust; (5) accounting; (6) "trademark misuse/cancellation of registrations;" and (7) fraud on the U.S. Patent and Trademark Office.

On July 31, 2000, the Court dismissed with prejudice: the defendant's first and sixth counterclaims because they had no basis in law; and the defendant's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' commencement of litigation, because they were barred by the *Noerr-Pennington* doctrine and California's litigation privilege. The Court did not dismiss the defendant's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' nonlitigation conduct.

On May 29, 2001, the defendant filed a motion for leave to file a second amended answer ("SAA"). The proposed SAA reasserted the defendant's second through fifth original counterclaims and asserted new counterclaims for (1) "cancellation of trademark registrations and abandonment of pending trademark applications;" (2) "fraud in the United States Patent and Trademark Office;" (3) "violation of right to publicity in name;" and (4) false advertising. On August 1, 2001, the Court granted in part, and abstained from deciding in part, the defendant's motion.

On September 17, 2001, the plaintiffs filed a motion to amend their complaint. The Court granted the motion.

On October 29, 2001, the defendant filed the instant motion for partial summary judgment as to the trademark infringement claim arguing no infringement of non auto-related goods and services. On the same day, the plaintiffs filed the instant motion for partial summary judgment as to the trademark infringement claim.

DISCUSSION

A. *Legal Standard*

Summary judgment is appropriate where "there are no genuine issues as to any material fact and . . . the moving party is entitled to summary judgment as a matter of law.

Fed. R. Civ. P. 56(c). A genuine issue exists if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party," and material facts are those "that might affect the outcome of the suit under the governing law." *Anderson v Liberty Lobby Inc.*, 477 U.S. 242, 247-48 (1986). Thus, the "mere existence of a scintilla of evidence" in support of the nonmoving party's claim is insufficient to defeat summary judgment. *Id.* at 252. In determining a motion for summary judgment, all reasonable inferences from the evidence must be drawn in favor of the non-moving party. *Id.* at 242.

B. *Analysis*

1. *The Defendant's Motion for Partial Summary Judgment Re: No Infringement on Non-Auto Related Goods/Services*

The defendant moves for partial summary judgment as to the plaintiffs' trademark claim arguing that there is no infringement on non-auto related goods and/or services. The plaintiffs brought their trademark claim under 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a).[4] Both 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a) require a plaintiff to show: (1) that it has a valid, protectable trademark interest in the mark; and (2) that the defendant is using a confusingly similar mark. *Brookfield*, 174 F.3d at 1046.

a. *Nissan has a Valid and Protectable Trademark*

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4 As is often done, Nissan has brought its trademark infringement claims under both § 1114 and § 1125(a). Whereas § 1114 provides protection only to registered marks, § 1125(a) protects against infringement of unregistered marks and trade dress as well as registered marks, and protects against a wider range of practices such as false advertising and product disparagement. *Brookfield Communications. Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1047 n.8 (9th Cir. 1999). Despite these differences, the analysis under the two provisions is often identical, such as in the instant case. *Id.* Thus, the Court uses the term "infringement" to refer to Nissan's claims under both S 1114 and § 1125(a).

The "Nissan" mark was first registered by plaintiff Nissan Motor Company in 1959, and has been used continuously since. (Rinek Decl. ¶ 4; Ex. B to Mayer Decl.) The mark has become incontestable, and therefore immune from attack on certain grounds. *Park `N Fly. Inc. v. Dollar Park & Fly. Inc.*, 469 U.S. 189, 205 (1985). Accordingly, the Court finds that the plaintiffs have a valid, protectable trademark interest in the "Nissan" mark.

b. *Likelihood of Confusion*

"The core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products." *Brookfield*, 174 F.3d at 1053 (internal quotations and citations omitted). Traditionally, the likelihood of confusion analysis involves the application of the eight-factor test enunciated in *AMF. Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). However, the *Sleekcraft* test applies only to related goods, which are those goods or services "which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner." *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1163 (C.D. Cal. 1998) (quoting 4 McCarthy § 24;6 at 24-13 (1997)); *The Network Network v. CBS. Inc.*, 2000 WL 362016 1, 4; 54 U.S.P.Q. 2d 1150 (C.D. Cal. Jan. 18, 2000) (finding that the *Sleekcraft* test did not apply where the parties' services were not reasonably related).

As a threshold issue, the Court addresses whether the parties' goods or services are related. Prior to August 1999, the defendants goods and services were "computers and Internet-related services." (Def's Mtn. at 1.) The plaintiffs goods are "automotive products." (Pls' Opp. at 1.)

"Related goods are those which, though not identical, are related in the minds of consumers." *Levi Strauss & Co. v. Blue Bell Inc.*, 778 F.2d 1352, 1363 (9th Cir. 1995). Several courts have addressed whether goods are related. *Id.* (shirts and pants are related goods); *Fleischman*

Distilling Corp. v. Maier Brewing, Corp., 314 F.2d 149, 152-53 (9th Cir. 1963) (beer and whiskey are related goods); *Yale Elec. Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) (locks and flashlights are related goods). The modern rule protects marks against "any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner. 3J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 24:6 at 24-13 (1997).

Here, the goods and services are not related. Computers and Internet-related services are far removed from the automotive products business. The fact that both parties use the Internet as an advertising mechanism does not render the services related. (*Bally*, 29 F. Supp. 2d at 1163 (noting that the Internet is not itself a product or a service). No reasonable consumer comparing the plaintiffs' official website with the defendants "nissan.com" website prior to August 1999, would assume the defendant's site "to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.

Because the Court finds that the goods and services of the plaintiffs and the defendant are not related, there is no need to conduct the *Sleekcraft* analysis to determine the likelihood of confusion.

c. *The Doctrine of Initial Interest confusion*

The plaintiffs also claim that the defendant's use of the "nissan-com" and "nissan.net" domain names creates "initial interest confusion" among Internet users, thus infringing the "Nissan" mark,

The Ninth Circuit has explicitly recognized a brand of confusion called 'initial interest' confusion, which permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion. *Interstellar Starship Servs. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999) (internal citations omitted); *see e.g., Brookfield*, 174 F.3d 1036 at 1063.

i. *The Network Network v. CBS, Inc.*, 2000 WL 362016; 54 U.S.P.Q. 2d 1150 (C.D. Cal. Jan. 18, 2000)

In applying the doctrine of initial interest confusion within the context of a domain name dispute, the Court finds the case of *The Network Network*, 2000 WL 362016; 54 U.S.P.Q. 2d 1150 (C.D. Cal. Jan 18, 2000) instructive. In *The Network Network*, the court was faced with a dispute between The Network Network, a company that trains information technology professionals, and CBS, owner of The Nashville Network, a cable television station commonly known as TNN. *Id.* at 1. The Network Network had registered the domain name "tnn.com" and was seeking a declaratory judgment that its use of the "tnn.com" domain name did not infringe on CBS's trademark rights. *Id.* CBS argued that The Network Network's use of the "tnn.com" domain name would cause initial interest confusion because consumers looking for the web site of the Nashville Network at "tnn.com" would find the Network Network's site instead and possibly become interested in the services offered there. *Id.* at 8.

As a threshold issue, *The Network Network* court determined that the doctrine of initial interest confusion applied to a situation where the inadvertent access occurs as a result of domain name similarities. *Id.* As such, *The Network Network* court extended the doctrine of initial interest confusion from the original context in *Brookfield* of metatags to domain name similarities. *Id.*

In its analysis, *The Network Network* court stated "(t)he *Brookfield* initial interest confusion analysis envisions an Internet user in search of one specific product who inadvertently comes upon a related one and uses that product instead." *The Network Network*, 2000 WL 362016 at 8. Moreover, "the infringer in this scenario 'improperly benefits from the goodwill that [the infringed-upon owner] developed in its mark.'" *Id.* (quoting *Brookfield*, 174 F.3d at 1062). To illustrate, the court posits a situation in which B erects signs purporting to lead the buying public to A's store, but actually directs them to B's establishment. Upon

arriving at B's store, customers are fully aware that the store is not A's, but buy from B out of convenience. *The Network Network*, 2000 WL 362016 at 8. As *Brookfield* explains, customers are not confused in this example, but B is nevertheless 'misappropriating [A]'s acquired goodwill' in violation of federal trademark law." *Id.* (quoting *Brookfield*, 174 F.3d at 1062).

After determining the scope of the initial interest confusion doctrine, *The Network Network* court distinguished *Brookfield* on three premises. *Id.*, First, unlike *Brookfield*, *The Network Network* court stated that the party asserting priority to "TNN" had actually used the mark it registered as a domain name for over ten years. *Id.* Second, much of the *Brookfield* likelihood of confusion analysis either explicitly or implicitly depended on the similarity of the products offered by the parties. Unlike *Brookfield*, *The Network Network* court found that there was no substantial overlap of the products offered by the parties. *Id.* Lastly, *The Network Network* court found that although both companies use the Internet as marketing channels, unlike *Brookfield*, the consuming public did not associate the similar goods and services with both companies. *Id.*

Moreover, *The Network Network* court found that *Brookfield* itself bolstered such a conclusion. *Id.* at 9. "The *Brookfield* court stated, 'If ... Brookfield and West Coast did not compete to any extent whatsoever, the likelihood of confusion would probably be remote.'" *The Network Network*, 2000 WL 362016 at 9 (quoting *Brookfield*, 174 F.3d at 1056). *The Network Network* court concluded that initial interest confusion was not actionable where the goods and services were dissimilar and granted The Network Network's motion for a preliminary injunction. *Id.*

ii. *Applying the initial interest confusion doctrine to the instant case*

Here, as in *The Network Network*, the defendant has used the mark it registered as a domain name for over ten years, primarily for a computer business. Mr. Nissan, the

owner of Nissan Computer, uses his surname to identify his computer business. Mr. Nissan has used his surname to identify businesses that he has operated in the United States since 1980. (Def's Mtn. at 2.) In 1987, Mr. Nissan started an import/export business known as "Nissan International." (Def's Mtn. at 3.) Typically, the products exported were heavy equipment and computers. (*Id.*) In 1991, the defendant incorporated Nissan Computer and granted Nissan Computer a license to use his name.[5] (Def's Mtn. at 3; Nissan Decl. ¶ 6.) Since that date, Nissan Computer has sold computer hardware and computer related services, including maintenance, networking and training (Def's Mtn. at 3: Nissan Decl. ¶¶ 7-9 and Exhibits 42-43.) In June 1994, Nissan Computer registered the domain name "nissan.com." Soon thereafter, Nissan Computer established a website at the registered domain name address. Nissan Computer has used the web site at "nissan.com" continuously since that time to advertise computer and Internet related goods. (Def's Mtn. at 4; Nissan Decl. ¶ 13.)

Additionally, in the instant case the defendant asserts that there is no substantial overlap of the products offered by the parties. The non-auto related goods and services offered by the defendant includes computer and Internet related goods and services, in addition to non-auto related advertising. (Def's Mtn. at 4; Nissan Decl. ¶ 13.) The plaintiffs' product is automobiles. (pls' Opp. at 1.) Accordingly, an Internet user in search of information about a Nissan automobile who inadvertently comes upon Nissan Computer, will not be "captured" and thus decide to patronize Nissan Computer rather than Nissan Motors.

Furthermore, the defendant argues that there is no competitive proximity between the non-auto related advertising conducted at "nissan.com" and the automobiles

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5 Nissan Computer obtained a service mark registration containing the words "Nissan Computer" in North Carolina in 1995. (Def's Mtn. At 3; Nissan Decl. and Exhibit 52.)

sold by Nissan Motor. Regarding non-auto related advertising, if an Internet user searching for information concerning Nissan automobiles comes upon "nissan.com", he would immediately recognize that the site was not sponsored by or affiliated with Nissan Motor. If such a user views advertising at nissan.com for a completely different category of goods and "clicks through" to that web site, there can be no claim that "consumers who were originally looking for [Nissan Motor's] products . . . simply decide[d] to utilize [Nissan Computer's] offering instead." *Brookfield*, 174 F.3d at 1061. Moreover, "it is not logical that a reasonably prudent Internet user would believe that sites which contain[] no reference to a trademark owner are in some way sponsored by the trademark owner." *Bally*, 29 F. Supp. 2d 1161, 1168 (C.D. Cal. 1998).

In response to the defendant's contentions, the plaintiffs refer to this Court's Order granting a preliminary injunction against the defendant, "NCC clearly altered its website so as to capitalize on the 'initial interest confusion' of consumers who visited the websites looking for plaintiffs' products." (Pls' Opp. at 21.) However, since December 10, 1999, the date the plaintiffs filed their application for a temporary restraining order/preliminary injunction, the law has developed. While the parties have been litigating the instant case, much of the law dealing with intellectual property issues within the context of the Internet has continued to be clarified by the courts.

Specifically, new cases have clarified the initial interest doctrine, such as *The Network Network* case the Court discussed previously. 2000 WL 362016. Indeed, the Court agrees with the analysis set forth in *The Network Network*, which held that initial interest confusion was not actionable where the goods and services were dissimilar. *Id.* at 9. Here, the Court has already determined that the non-auto related goods and services of the parties are not related or similar.

Next, the plaintiffs argue, assuming that the initial internet doctrine is actionable, that the defendant's specific

conduct shows how the defendant has capitalized on initial interest confusion. First, the plaintiffs point out that, like in *Brookfield*, the defendant uses domain names that are identical to the "Nissan" mark (rather than using a domain name such as "nissancomputer.com") in order to attract visitors to the defendant's websites. (Pls' Opp. at 23.) Once at the website, the plaintiffs contend that confused consumers are then diverted to a mix of auto and non-auto related links, in exchange for substantial referral fees. The plaintiffs conclude that the defendants "active efforts to exploit Nissan's goodwill fall well within the initial interest confusion rationale articulated in *Brookfield*, and warrant a finding of infringement. (*Id.*)

The Court, however, finds the plaintiffs' arguments unpersuasive on the issue of whether the defendant infringed on the plaintiffs' trademark within the context of non-auto related goods and services. Indeed, the most important factor in finding initial interest confusion is whether the defendant offered related or competitive goods to those of the trademark holder. *The Network Network*, 2000 WL 362016 at 9 (finding that dissimilarity of goods and services resolves the initial interest confusion question); *Brookfield*, 174 F.3d at 1065 (defendant offered a movie database that competed directly with that of the plaintiff); *Paccar, Inc. v. Telescan Techs.*, LLC, 115 F. Supp. 2d 772, 778 (E.D. Mich. 2000) (plaintiff and defendant "both offer a used-truck locator database through the Internet"); *Green Prods. Co. v. Independence Corn By-Prods. Co.*, 992 F. Supp. 1070, 1074 (N.D. Iowa 1997) (plaintiff and defendant were "direct competitors" in the corncob byproducts industry). Here, it is clear that the defendant does not offer related or competitive goods to those of the plaintiffs. Regarding the non-auto related goods and services, the defendant offers computer and Internet services, in addition to non-auto related advertising. The plaintiffs' business is automobiles. The Court, therefore, finds that the defendant has not infringed on the plaintiffs' trademark regarding non-auto related goods and services.

d. *Conclusion*

Based on the foregoing analysis, the Court grants the defendant's motion for summary judgment as the plaintiffs' trademark infringement claim within the context of non-auto related goods and services.

2. *The Plaintiffs' Motion for Partial Summary Judgment as to their Infringement Claim*

Because the Court finds that the defendant has not infringed on the plaintiffs' trademark regarding non-auto related goods and services, the scope of the analysis on the plaintiffs' motion is limited to whether the defendant infringed on the plaintiffs' trademark regarding auto related goods and services. The plaintiffs brought their trademark claim under 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a). Both 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a) require the plaintiffs to show: (1) that they have a valid, protectable trademark interest in the "Nissan" mark; and (2) that the defendant is using a confusingly similar mark. *Brookfield*, 174 F.3d at 1046.

As previously discussed, the Court has determined that the plaintiffs have a valid, protectable trademark interest in the "Nissan" mark. Thus, the Court next addresses the likelihood of confusion element of a trademark infringement claim.

a. *Likelihood of Confusion*

The core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products." *Brookfield*, 174 F.3d at 1053 (internal quotations and citations omitted). In the Ninth Circuit, a court determines the likelihood of consumer confusion by considering the following set of factors: (1) the strength of the plaintiff's mark; (2) the relatedness or proximity of the two companies' products or services; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the marketing channels used; (6) the degree of care likely to be exercised by the purchaser; (7) the defendant's intent in

selecting the mark; and (8) the likelihood of expansion in product lines.[6] *Id.* at 1053-54.

The Ninth Circuit has cautioned that this set of factors is not exhaustive, and should not be applied rigidly in the Internet context. *Id.* at 1054. "Some factors are much more important than others, and the relative importance of each individual factor will be case specific." *Id.* The *Brookfield* court also pointed out that "[a]lthough some factors - such as the similarity of the marks and whether the two companies are direct competitors - will always be important, it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors." *Id.*

i. *Strength of the Plaintiffs' Mark*

The parties dispute the strength of the plaintiffs' mark. The defendant argues that the Nissan mark is inherently weak because it is a surname and a word in Hebrew and Arabic. Personal names used as trademarks are generally not inherently distinctive, but may be treated as strong marks upon a showing of secondary meaning. *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992).

Here, the plaintiffs submit evidence that the Nissan mark has been in continuous use in the automobile industry since 1959. (Rinek Decl. ¶ 6; Ex. B to Mayer Decl.) The plaintiffs have extensively promoted the mark, spending about $400 million on advertising and promotions in the United States in 1999. (*Id.*) The plaintiffs also submit evidence of strong consumer recognition of the mark. A nationwide survey conducted by Field Research Corporation shows that 92% of consumers would expect to find a car company at the "nissan.com" and "nissan.net" websites. (Pls' Mtn. at 5; Mayer Decl. at D.) Moreover, a recent survey conducted by Dr. Gerald L. Ford of Ford Bubala & Associates found that "among the general public of adults eighteen years of age or above, in the United

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6 These eight factors are often referred to as the *Sleekcraft* factors. *Brookfield*, 174 F.3d at 1054.

States, approximately 76% exclusively associate the word "Nissan" with the single source, Nissan Motors." (*Id.*) Based on this evidence, the Court finds that the Nissan mark has secondary meaning and should be treated as a strong mark. As such, the Court finds that this factor weighs in the plaintiffs' favor.

ii. *Similarity of Marks*

The marks at issue in this case are the plaintiffs' "Nissan" mark and the defendant's "nissan.com" and "nissan.net" Internet domain names. The only differences between these marks are the domain name suffixes, which merely signify the domain level. The marks are thus, "for all intents and purposes, identical in terms of sight, sound, and meaning." *Brookfield*, 174 F.3d at 1055. Accordingly, the Court finds that this factor weighs in the plaintiffs' favor.

iii. *Proximity of Goods*

The use of similar marks to promote similar products weighs heavily in favor of finding a likelihood of confusion. *Id.* at 1056. If the public would associate the defendant's products with the plaintiffs, it is not dispositive that the parties' principal lines of business are different. *Id.*

The defendant argues that the parties' principal lines of business are different. The defendant contends that it principally sells computers and Internet services, while the plaintiffs principally sell cars and other vehicles.

However, regarding auto-related goods and services, this case is not suited to a traditional proximity- of-goods analysis. Starting in August 1999, the defendant's "nissan.com" website primarily promoted automobile-related products and services, through third-party advertisements and web links, rather than the defendant's own computer products. Whether or not a visitor to the defendant's website ultimately makes an automobile purchase from an advertiser, the defendant profits from the visitor's initial interest confusion.[7] By posting automobile-

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[7] The Court has previously discussed at length the doctrine of initial interest confusion. Based on the previous analysis, it is clear that in

related links and advertisements, the defendant derives advertising revenue due to the diversion of a consumer's initial interest in Nissan vehicles. As in *Brookfield*, the defendant is improperly appropriating the plaintiffs' goodwill. Thus, in regards to its auto related Internet activity, the defendant's "product" as of August 1999, is the exploitation of customer confusion. Hence, the Court finds that this factor weighs in favor of the plaintiffs.

iv. *Overlapping Marketing Channels*

Both parties also use the Internet as a marketing and advertising channel. This factor further exacerbates the likelihood of confusion, and therefore the Court finds that it weighs in the plaintiffs' favor. *See e.g., Brookfield*, 174 F.3d at 1057.

v. *Actual Confusion*

Another important factor in this case is actual consumer confusion. The plaintiffs submit evidence that consumers send e-mail inquiries about Nissan vehicles to the defendant at "info@nissan.com," and frequently search for information on Nissan vehicles at the "nissan.com" website. (Mayer Decl. Ex. O.) Accordingly, the Court finds that this factor weighs in the plaintiffs' favor.

vi. *Intent to Confuse Customers*

As to the intent factor, there is no evidence in the record that the defendant registered "nissan.com" or "nissan.net" with the principal intent of confusing consumers. Furthermore, there is no evidence in the record that the defendant registered its domain name for the specific purpose of subsequently selling the domain name to the trademark owner. See. e.g., *Minnesota Mining and Mfg., Co. v. Taylor*, 21 F. Supp. 2d 1003, 1005 (D. Minn. 1998); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1229 (N.D. Ill. 1996) (involving the infamous cybersquatter Dennis Toeppen who registered domain names including

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the context of auto related goods and services the parties goods and services are related, thus the initial interest confusion doctrine is applicable.

"aircanada.com, "deltaairlines.com," "eddiebauer.com," and "neiman-marcus.com" and has been the subject of many lawsuits). Nonetheless, the Court does find that an intent to confuse may be inferred from the defendant's alteration of its "nissan.com" website in August 1999 to display automobile-related advertising and information.

Importantly, however, an intent to confuse consumers is not required for a finding of trademark infringement. *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1132 n. 12 (9th Cir. 1998) ("absence of malice is no defense to trademark infringement"); *Daddy's Junky Music Stores. Inc. v. Big Daddy's Family Music Center*, 109 F.3d 275, 287 (6th Cir. 1997) ("As noted, the presence of intent can constitute strong evidence of confusion. The converse of this proposition, however, is not true: the lack of intent by a defendant is largely irrelevant in determining if consumers likely will be confused as to source.") (internal quotation marks and citations omitted); *Fleischmann Distilling*, 314 F.2d at 157. Instead, this factor is only relevant to the extent that it bears upon the likelihood that consumers will be confused by the alleged infringer's mark (or to the extent that a court wishes to consider it as an equitable consideration). *Sleekcraft Boats*, 599 F.2d at 348 n.10.

Here, the Court finds that the defendant's alteration of its "nissan.com" website in August 1999 to display auto-related advertising and information, indisputably leads to the inference that the defendant possessed the intent to confuse consumers. The Court, therefore, finds that the intent factor weighs in the plaintiffs' favor.

vii. *Other Factors*

The factors discussed above all weigh in favor of finding a likelihood of confusion. On balance, the remaining factors do not alter this conclusion. Specifically, the remaining two factors, degree of care exercised by the consumer and the likelihood of expansion of product lines, are not important in the context of this case.

b. *Conclusion*

Based on the foregoing analysis, the Court finds that the defendant has infringed on the plaintiffs' trademark regarding the defendant's Internet auto related goods and services.

CONCLUSION

The Court finds that as a matter of law the defendant has not infringed on the plaintiffs' trademark regarding non-auto relate& goods and services. Thus, the Court grants the defendant's motion. The Court, however, also finds that as a matter of law the defendant has infringed on the plaintiffs' trademark regarding auto related goods and services. Accordingly, the Court grants the plaintiffs' motion regarding infringement of auto related goods and services.

IT IS SO ORDERED.

/s/ Dean D. Pregerson
UNITED STATES DISTRICT JUDGE

APPENDIX F

[FILED]
[Dec 26 2000]
[Cathy A. Catterson, Clerk]
[U.S. Court of Appeals]

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 00-55678

NISSAN MOTOR COMPANY, LTD., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation,

Plaintiffs-Appellees,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation,

Defendant-Appellant.

Appeal from the United States District Court
For the Central District of California
Dean D. Pregerson, District Judge, Presiding

Before: D.W. NELSON, BRUNETTI AND KOZINSKI, Circuit Judges.

The district court had specific personal jurisdiction over Nissan Computer Corporation (NCC) on the trademark

infringement claim. Under the "effects test," the district court has jurisdiction over a defendant alleged to have committed an intentional act; that was expressly aimed at the forum state; and that caused harm, the brunt of which the defendant knew was likely to be suffered in the forum state. *See Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1321 (9th Cir. 1998). The defendant expressly aims at the forum state where it is alleged to have targeted "a plaintiff whom the defendant knows to be a resident of the forum state." *Bancroft & Masters, Inc. v. Augusta Nat'l Inc.*, 223 F.3d 1082, 1087 (9th Cir. 2000).

Here, Nissan North America, a California resident, alleges that NCC intentionally infringed upon its trademark and that such harm was suffered primarily it its home forum. NCC claims that there was no evidence it knew that Nissan North America was a California resident. But NCC admits that it received a certified letter from Nissan North America, which contained its California address, several years before it began advertising auto products on its webpage. And NCC does not purport to have relied on a belief that Nissan North America was a resident of a different forum. Accordingly, the district court correctly concluded that NCC expressly aimed its allegedly infringing activities at California.

The district court did not abuse its discretion in issuing the preliminary injunction. *See Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999). The plaintiffs demonstrated a likelihood of success on their infringement claim for the reasons stated by the district court. *See Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp 2d 1154, 1162-64 (C.D. Cal. 2000). NCC clearly altered its website so as to capitalize on the "initial interest confusion" of consumers who visited the websites looking for plaintiffs' products. *See Brookfield Communications*, 174 F.3d at 1062. The district court narrowly tailored the injunction in order to reduce those visitors' confusion and to prevent NCC from diverting

their initial interest to advertisers offering competing products.

AFFIRMED.

APPENDIX G

Filed Clerk U.S. District Court
Mar 23 2000
Central District of California By /s/ Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 99-12980 DDP (Mcx)

NISSAN MOTOR CO., LTD., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation,
Plaintiffs,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation;

Defendant.

ORDER (1) DENYING DEFENDANT'S MOTION TO DISMISS; AND (2) GRANTING PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION

The defendant's motion to dismiss and the plaintiffs' motion for a preliminary injunction came before the Court for oral argument on March 13, 2000. After reviewing and considering the materials submitted by the parties and hearing oral argument, the Court adopts the following order.

I. **Background**

Plaintiff Nissan Motor Co., Ltd., is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, Inc., markets and distributes Nissan vehicles in the United States. Nissan Motor Co. owns, and Nissan North America is the exclusive licensee of, various registered trademarks using the word "Nissan" in connection with automobiles and other vehicles. (Rinek Decl. ¶¶ 4-5). The first such trademark was registered in 1959. (*Id.*) Nissan North America also operates an Internet website at "www.nissan-usa.com."

The Defendant, Nissan Computer Corporation, is a North Carolina company in the business of computer sales and services. The company was incorporated in 1991 by Uzi Nissan, its current president. (Nissan Decl. re: Prelim. Inj. ¶6.) Mr. Nissan has used his surname in connection with various businesses since 1980. (*Id.* ¶¶2-3.) Nissan is also a term in the Hebrew and Arabic languages. (*Id.* ¶2 & Ex. 38.) In 1995, the defendant registered a trademark for its Nissan Computer logo with the state of North Carolina. (*Id.* Ex. 45.)

The defendant registered the Internet domain names "nissan.com" and "nissan.net" in May 1994 and March 1996, respectively. (Compl. Exs. B, C.) For the next several years, the defendant operated websites at these addresses providing computer-related information and services. In July 1995, the plaintiffs sent the defendant a letter expressing "great concern" about use of the word Nissan in the defendant's domain name. (Nissan Decl. re: Prelim. Inj. ¶15 & Ex. 44).

In August 1999, the defendant altered the content of its "nissan.com" website. (Davis Decl. Ex. E.) The website was captioned "nissan.com" and displayed a "Nissan Computer" logo that is allegedly confusingly similar to the plaintiffs "Nissan" logo. (*Id.* Exs. E, G.) In addition, the website displayed banner advertisements and web links to various Internet search engines and merchandising companies. (*Id.* Ex. E.) These advertisements included links to automobile merchandisers, such as "cartrackers.com" and "1StopAuto.com;" links to auto-related portions of search engines; and links to topics such as "CarQuotes," "Auto Racing," and "Off Road." (*Id.* Ex. E; Schindler Decl. re: Prelim. Inj. Ex. E.)

In October 1999, the parties met to discuss the possible transfer of the nissan.com domain name. (Nissan Decl. re: Mot. Dism. ¶¶9-10; Davis Decl. ¶¶11-12.) In the course of these discussions, Mr. Nissan admittedly stated that he would not sell the domain name except for several million dollars, and made a proposal involving monthly payments in perpetuity. (Davis Decl. ¶11); Def.'s Opp'n re: Prelim. Inj. At 9-10.) Negotiations were unsuccessful.

On December 10, 1999, the plaintiffs filed a complaint in this Court alleging: (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. Also on December 10, the Court denied the plaintiffs' request for a temporary restraining order and scheduled the matter for a preliminary injunction hearing. The Court also approved limited expedited reciprocal discovery.

The plaintiffs' motion for a preliminary injunction came before the Court for oral argument on February 7, 2000. The plaintiffs seek an order, *inter alia*, enjoining the defendant from displaying advertisements and links on its websites and requiring the defendant to display a disclaimer and link to the plaintiffs' website. Alternatively, the plaintiffs seek an order restraining the defendant from using

the nissan.com and nissan.net websites pending resolution of this action.

The defendant now moves to dismiss for lack of personal jurisdiction or, in the alternative, for improper venue. The Court deferred ruling on the preliminary injunction pending settlement discussions and briefing on the defendant's motion.

II. Defendant's Motion to Dismiss for Lack of Personal Jurisdiction

A. *Legal Standard*

A federal court's exercise of personal jurisdiction must comport both with the long-arm statute of the state in which it sits and with the constitutional requirement of due process. California's long-arm statute is coextensive with due process requirements. *See* Cal. Civ. Proc. Code § 410.10; *Data Disc. Inc. v. Systems Tech. Assocs., Inc.*, 557 F.2d 1280, 1286 (9th Cir. 1977). Due process requires that the non resident defendant have "certain minimum contacts with [the forum] such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (internal citation omitted).

As discussed further below, a federal court may exercise either general or specific personal jurisdiction. The plaintiff bears the burden of establishing the necessary jurisdictional facts. *See Flynt Distrib. Co., Inc. v. Harvey*, 734 F.2d 1389, 1392 (9th Cir. 1984). To survive a motion to dismiss for lack of personal jurisdiction, however, the plaintiff need only make a prima facie showing of jurisdiction. *See Ziegler v. Indian River County*, 64 F.3d 470, 473 (9th Cir. 1995). In determining whether the plaintiff has met this burden, the Court must take the allegations in the plaintiff's complaint as true and resolve disputed jurisdictional facts in the plaintiff's favor. *See AT&T Co. v. Compagnie Bruxelles Lambert*, 94 F.3d 586, 588-589 (9th Cir. 1996).

B. *General Personal Jurisdiction*

General personal jurisdiction may be exercised as to any cause of action, if the defendant is domiciled in the forum

state or if its activities there are "substantial" or "continuous and systematic." *Helicopteros Naciolanes de Columbia, S.A. v. Hall*, 466 U.S. 408, 414-416 (1984).

In this case, the plaintiffs do not argue that the Court has general personal jurisdiction over the defendant. (Opp'n at 12 n.5.) Moreover, there is no evidence that the defendant has "substantial" or "continuous and systematic" contacts with California. The defendant has offices and employees only in North Carolina, offers only local Internet access, and apparently limits its sales and advertising to the East Coast. (Nissan Decl. re: Mot. Dism. ¶¶4-5.) Accordingly, the Court finds that the plaintiffs have not established a basis for general personal jurisdiction over the defendant.

C. *Specific Personal Jurisdiction*

Specific personal jurisdiction may be exercised when the "nature and quality" of the defendant's contacts with the forum state are significant in relation to the specific cause of action. *Data Disc*, 557 F.2d at 1287. Specific jurisdiction requires a showing that: (1) the nonresident defendant purposefully directed its activities toward the forum state; (2) the plaintiff's claim arises out of or results from the defendant's forum-related activities; and (3) the forum's exercise of personal jurisdiction is reasonable. *See Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477-78 (1985); *Lake v. Lake*, 817 F.2d 1416, 1421 (9th Cir. 1987).

1. *Purposeful availment*

To establish purposeful availment, the plaintiffs must show that the defendant has deliberately engaged in "significant activities" within a state or has created "continuing obligations" between himself and the forum. *See Gray & Co. v. Firstenberg Mach. Co.*, 913 F.2d 758, 760 (9th Cir. 1990) (quoting *Burger King*, 471 U.S. at 475-76). In the Internet context, alleged trademark infringement in connection with the domain name of a passive website does not itself subject the defendant to personal jurisdiction in the plaintiff's forum state. *See Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 419 (9th Cir. 1997). Rather, there must

be "'something more' to indicate that the defendant purposefully (albeit electronically) directed his activity in a substantial way to the forum state." *See id.* at 418.

a. *Transaction of Business*

The plaintiffs contend that the defendant's transaction of business in California establishes purposeful availment. The general rule is that merely contracting with a resident of the forum state is insufficient to confer specific jurisdiction over a nonresident defendant. *See Burger King*, 471 U.S. at 479; *Ziegler*, 64 F.3d at 473. However, solicitation of business in the forum state may constitute purposeful availment "if that solicitation results in contract negotiations or the transaction of business." *Shute v. Carnival Cruise Lines*, 897 F.2d 377, 381 (9th Cir. 1990), *rev'd on other grounds*, 499 U.S. 585 (1991).

The plaintiffs submit evidence that the defendant contracted with five companies based in California; Asimba, Inc.; Ask Jeeves, Inc.; CNET, Inc.; GoTo.com, Inc.; and RemarQ Communities, Inc. (Schindler Decl. re: Mot. Dism. Exs. 1-5.) The defendant displayed advertising banners and links from these companies on the nissan.com website, and received a commission each time a visitor clicked through to an advertiser's website. According to plaintiffs, more than 90,000 customers clicked through from the nissan.com website to the websites of the California advertisers between August and December 1999. (*Id.* ¶19). In addition, the plaintiffs submit evidence that the defendant directly solicited auto-related advertising business from another California-based company, Autoweb.com, although this solicitation did not result in the transaction of business. (*Id.* Exs. 15-16.)

The defendant responds that it arranged the advertising on its website through a Massachusetts-based intermediary, Be Free, and that it never knowingly reached out to California companies. The Court rejects this argument. The plaintiffs submit evidence that the defendant contracted directly with the five California-based advertisers. Specifically, by enrolling with advertisers on Be Free's

website, the defendant agreed to be bound by contracts with those advertisers. (Schindler Decl. re: Mot. Dism. Exs. 6-12; Greenstein Decl. in Reply to Mot. Dism., Ex. 85 at 21.) In each case, the defendant also received e-mail acceptance notices directly from the California advertisers. (*Id.* Exs. 18-24.) Finally, the plaintiffs submit evidence that each of the defendant's contracts with the California advertisers provided that the contract would be governed by California law. (*Id.* Exs. 8-12.) This factor alone is sufficient to establish purposeful availment. *See Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 840 (9th Cir. 1986).

The Court finds that the defendant purposefully directed its activity in a substantial way toward California. Accordingly, the plaintiffs have met their burden to show purposeful availment.

b. *Effects Doctrine*

The plaintiffs also argue that personal jurisdiction is proper under the "effects doctrine." Under that doctrine, personal jurisdiction may also be based on "(1) intentional actions (2) expressly aimed at the forum state (3) causing harm, the brunt of which is suffered – and which the defendant knows is likely to be suffered – in the forum state." *Core-Vent Corp. v. Nobel Indus. AB*, 11 F.3d 1482, 1486 (9th Cir. 1993) (interpreting *Calder v. Jones*, 465 U.S. 783 (1984)). In the Internet context, the Ninth Circuit has found personal jurisdiction where the defendant deliberately registered the domain name for the purposes of extortion and with the effect of injuring the plaintiff in the forum state. *See Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1322 (9th Cir. 1998).

Here, as in *Panavision*, the defendant's alleged activities satisfy the effects test. The defendant is not alleged to have deliberately registered domain names for purposes of extortion. However, the evidence supports a finding that the defendant intentionally changed the content of its website in August 1999 to exploit the plaintiffs' goodwill by profiting from consumer confusion. The brunt

of the harm was suffered in the forum state because Nisan North America, Inc., the exclusive licensee of the Nissan trademarks, is based in Gardena, California. (Compl. ¶2; Opp'n at 8 n.17.)

The defendant argues that it is not subject to personal jurisdiction because it merely operated a passive website. The defendant further argues that, under the Court's analysis, a passive Internet infringer could be sued anywhere in the country. The Court rejects this characterization of the defendant's activity. Although the defendant did not directly sell goods to consumers on its websites, it derived advertising revenue by intentionally exploiting consumer confusion. This intentional exploitation of consumer confusion supplies the "something more" indicating that the defendant deliberately and substantially directed its activity toward the forum state.

Citing *Core-Vent Corp.*, 11 F.3d at 1487, the defendant also argues that a corporation does not suffer harm in a particular location. However, the Ninth Circuit held in *Panavision* that a corporation may suffer harm in its principal place of business. *See Panavision*, 141 F.3d at 1322 n.2. The defendant also argues that a trademark licensee cannot bring an infringement suit. However, this argument does not address whether the plaintiffs suffered harm in California. The Ninth Circuit has approved a finding of personal jurisdiction in a trademark infringement suit, where the plaintiff used the trademark in the forum state. *See id.* at 1322 (approving analysis in *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd. Partnership*, 34 F.3d 410 (7th Cir. 1994)).

The Court finds that the defendant's alleged conduct satisfies the effects test. Accordingly, personal jurisdiction is also proper on that ground.

2. *Forum-Related Activities*

The plaintiffs must also establish that their claims arise out of or result from the defendant's forum-related activities. This element is established if the plaintiffs would not have been injured "but for" the defendant's activities.

See Panavision, 141 F.3d at 1322; *Ballard v. Savage*, 65 F.3d 1495, 1500 (9th Cir. 1995). Activities that are "too attenuated" do not satisfy the but-for test. *Doe v. American Nat'l Red Cross*, 112 F.3d 1048, 1051 (9th Cir. 1997).

Here, the plaintiffs' trademark infringement and dilution claims arise out of the defendant's California-related activities. The defendant's contracts with California-based advertisers allegedly resulted in the diversion of the plaintiffs' potential customers to other websites and the exploitation of the plaintiffs' goodwill. In addition, under the effects test, the defendant's intentional exploitation of the plaintiffs' goodwill and diversion of the plaintiffs' potential customers had the effect of injuring Nissan North America in California. But for the defendant's conduct, this injury would not have occurred. *See Panavision*, 141 F.3d at 1322. Accordingly, the Court finds that this prong is satisfied.

3. *Reasonableness*

An otherwise valid exercise of personal jurisdiction is presumed to be reasonable. *See Ballard*, 65 F.3d at 1500. Accordingly, once a court finds purposeful availment, it is the defendant's burden to "present a compelling case" that the exercise of jurisdiction would be unreasonable. *Id.* (citing *Burger King*, 471 U.S. at 477). This determination requires the balancing of seven factors: (1) the extent of purposeful interjection; (2) the burden on the defendant of defending in the forum; (3) the extent of conflict with the sovereignty of the defendant's state; (4) the forum state's interest in the dispute; (5) the most efficient forum for judicial resolution of the dispute; (6) the importance of the forum to the plaintiff's interest in convenient and effective relief; and (7) the existence of an alternative forum. *See Gray & Co.*, 913 F.2d at 761.

The defendant has not carried its burden to show unreasonableness. The first factor, purposeful interjection, is analogous to that of purposeful availment. *See Sinatra v. National Enquirer, Inc.*, 854 F.2d 1191, 1199 (9th Cir. 1988). As discussed above, the defendant's activities in California

satisfy this requirement. The other factors do not weigh strongly in favor of either side. Although other forums are available, advances in communication and transportation have reduced the burden of cross-country litigation. *See id.* Moreover, the defendant's burden of litigating in this forum must be weighed against the plaintiffs' convenience. Neither forum provides any marked efficiency over the other. Any conflicting sovereignty interests are accommodated through choice-of-law rules. *See Gray & Co.*, 913 F.2d at 761. Finally, California has a strong interest in protecting its citizens from trademark infringement and consumer confusion.

Upon balancing these factors, the Court finds that an exercise of personal jurisdiction over the defendant would be reasonable.

D. *Conclusion*

The Court finds that the plaintiffs have made a prima facie showing of specific personal jurisdiction over the defendant. Accordingly, the Court denies the defendant's motion to dismiss.

III. Defendant's Motion to Dismiss for Lack of Venue

A. *Legal Standard*

In a federal question case, venue is proper in a judicial district in which: (1) any defendant resides, (2) "a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated;" or (3) the defendants are subject to personal jurisdiction, if there is no other district in which the action could be brought. 28 U.S.C. § 1391(b). If a state has more than one judicial district, a defendant corporation is deemed reside in any district "within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State." 28 U.S.C. § 1391(c).

If venue is improper, the court must either dismiss or, in the interests of justice, transfer the case to a district having proper venue. *See* 28 U.S.C. § 1406(a). Although there is some disagreement, most courts hold that the plaintiff bears

the burden of establishing proper venue. *See* Schwarzer et al., *supra*, ¶4:251 at 4-66 (arguing that placing the burden on plaintiff is the better view). A prima facie showing of proper venue is sufficient to defeat a motion to dismiss. *See id.*, ¶9:13.1 at 9-34.

B. *Discussion*

The defendant argues that venue is improper because it has insufficient contacts with the Central District. Of the five California-based companies that advertised on the defendant's website, only one – GoTo.com – is allegedly based in this district. It is not clear whether the defendant's transaction of business with GoTo.com is itself sufficient to support specific personal jurisdiction. However, the principal place of business of plaintiff Nissan North America, Inc., is Gardena, California. (Compl. ¶2.) Thus, although the parties do not raise the issue, personal jurisdiction in this district would be proper under the effects doctrine. Accordingly, the Court denies the defendant's motion to dismiss for improper venue.

IV. Plaintiffs' Motion for Preliminary Injunction

A. *Legal Standard*

To obtain a preliminary injunction, the moving party must show either: (1) a combination of probable success on the merits and the possibility of irreparable injury without the injunction; or (2) that serious questions are raised and the balance of hardships tips sharply in favor of the moving party. *See Dr. Seuss Enters. V. Penguin Books USA, Inc.*, 109 F.3d 1394, 1397, n.1 (9th Cir. 1997). A serious question is one to which the moving party has a "fair chance of success on the merits." *Sierra On-Line, Inc. v. Phoenix Software, Inc.*, 739 F.2d 1415, 1421 (9th Cir. 1984). These standards "'are not separate tests but the outer reaches of a single continuum.'" *International Jensen, Inc. v. Metrosound U.S.A.*, 4 F.3d 819, 822 (9th Cir. 1993) (citation omitted).

B. *Likelihood of Success on the Merits*

The plaintiffs argue that they are likely to succeed on the merits on all of their claims. However, the Court need only address the plaintiffs' claim of trademark infringement

in violation of Section 32(a) of the Lanham Act, 15 U.S.C. § 1114(1). To prevail on this claim, the plaintiffs must show that: (1) the plaintiffs have a valid, protectable trademark interest in their "Nissan" mark; and (2) the defendant is using a confusingly similar mark. *See Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999).

1. *Validity of Plaintiffs' Mark*

The Nissan mark was first registered by plaintiff Nissan Motor Co. in 1959, and has been used continuously since. (Rinek Decl. ¶4.) The mark has become incontestable, and therefore immune from attack on certain grounds. *See* 15 U.S.C. §§ 1115(b), 1065; *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985). Accordingly, the Court finds that the plaintiffs have a valid, protectable trademark interest in the "Nissan" mark.

The defendant argues that Mr. Nissan has been using his surname in connection with various businesses since the 1980s. Although there is no absolute right to use one's name as a trademark, the Ninth Circuit has recognized a "judicial reluctance to enjoin use of a personal name." *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1288 (9th Cir. 1992). However, use of an infringing name may still be limited by a carefully tailored injunction. *See id.*

Incontestable status also does not preclude the defendant from disputing the strength of the mark. *See McCarthy on Trademarks* § 32:155 at 32-221 (1999). This issue is addressed further below, in the discussion of likelihood of confusion.

2. *Likelihood of Confusion*

The central issue in a trademark infringement suit is the likelihood of consumer confusion. *See. E.g., Dr. Seuss Enters.*, 109 F.3d at 1403-04. In the Ninth Circuit, a court determines the likelihood of consumer confusion by considering the following set of factors: (1) the strength of the plaintiff's mark; (2) the relatedness or proximity of the parties' goods or services; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the marketing

channels used; (6) the degree of care likely to be exercised by the purchaser; (7) the defendant's intent in selecting the mark; and (8) the likelihood of expansion of product lines. *See Brookfield*, 174 F.3d at 1054 (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). This set of factors is not exhaustive, and should not be applied rigidly in the Internet context. *See id.*

One type of actionable consumer confusion is known as "initial interest" confusion. *See Interstellar Starship Servs. Ltd. V. Epix Inc*, 184 F.3d 1107, 1110 (9th Cir. 1999); *Brookfield*, 174 F.3d at 1062. The Ninth Circuit has explicitly recognized that an infringement claim may be based on "the use of another's trademark in a manner calculated to capture initial consumer attention," even if the confusion does not result in a sale. *See Brookfield*, 174 F.3d at 1062 (internal citations omitted).

In *Brookfield*, the Ninth Circuit applied this doctrine to enjoin the confusing use of Internet metatags.[1] *See id.* At 1062-63. The court found that, by using a trademark in such a way as to divert consumers to its website, an infringer "improperly benefits from the goodwill that [the plaintiff] developed in its mark." *Id.* at 1062. To prevail on such a theory, the plaintiff need not demonstrate that the consumer was confused as to the source of the products or even that the consumer ultimately made a purchase. *See id.* at 1062-63.

a. *Strength of Plaintiffs' Mark*

The parties dispute the strength of the plaintiffs' mark. The defendant argues that the Nissan mark is inherently weak because it is a surname and a word in Hebrew and Arabic. Personal names used as trademarks are generally not inherently distinctive, but may be treated as strong marks upon a showing of secondary meaning. *See E. & J. Gallo Winery*, 967 F.2d at 1291.

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[1] Metatags are a form of HTML code, used by Internet search engines to match websites to the search terms entered by the web user. *See Brookfield*, 174 F.3d at 1061 N.3.

Here, the plaintiffs submit evidence that the Nissan mark has bee in continuous use in the automobile industry since 1959. (Rinek Decl. ¶6.) The plaintiffs have also extensively promoted the mark, spending about $400 million on advertising and promotions in the United States in 1999. (*Id.* ¶6.) The plaintiffs also submit evidence of strong consumer recognition of the mark. A 1988 newspaper article listed Nissan as one of the top 200 consumer-identified brands in the United States. (Lawrence Decl. Ex. F.) Moreover, a recent survey shows that 92% of consumers would expect to find a car company at the nissan.com and nissan.net websites. (Schindler Decl. re: Prelim. Inj. X. C.) Based on this evidence, the Court finds that the Nissan mark has secondary meaning and should be treated as a strong mark.

The defendant argues that the Nissan mark is diluted due to brand fragmentation, extensive third-party usage, and poor trademark enforcement. (*See, e.g.*, Vantress Decl. Exs. 54-55.) Even if relevant to the strength of the mark, these factors are not dispositive. *See, e.g., Eclipse Assocs. Ltd v. Data General Corp.*, 894 F.2d 1114, 1119 (9th Cir. 1990) (finding that evidence of other unrelated infringers is irrelevant to trademark infringement claim). Given the substantial evidence of secondary meaning, the Court finds that the strength of the Nissan mark weighs in the plaintiffs' favor.

b. *Similarity of Marks*

The marks at issue in this case are the plaintiffs' "Nissan" mark and the defendant's "nissan.com" and "nissan.net" Internet domain names. The only differences between these marks are the domain name suffixes, which merely signify the domain level. The marks are thus, "for all intents and purposes, identical in terms of sight, sound, and meaning." *Brookfield*, 174 F.3d at 1055. Accordingly, this factor weighs in plaintiffs' favor.

c. *Proximity of Goods*

The use of similar marks to promote similar products weighs heavily in favor of finding a likelihood of confusion.

See id. At 1056. If the public would associate the defendant's products with the plaintiffs, it is not dispositive that the parties' principal lines of business are different. *See id.*

The defendant argues that the parties' principal lines of business are different. The defendant contends that it principally sells computers and Internet services, while the plaintiffs principally sell cars and other vehicles. However, this case is not suited to a traditional proximity-of-goods analysis. Starting in August 1999, the defendant's nissan.com website primarily promoted automobile-related products and services, through third-party advertisements and web links, rather than the defendant's own computer products. More than 90% of the defendant's website advertising revenue is automobile-related. (Schindler Decl. re: Prelim. Inj. Ex. G.) Whether or not a visitor to the defendant's website ultimately makes an automobile purchase from an advertiser, the defendant profits from the visitor's initial interest confusion. By posting automobile-related links and advertisements, the defendant derives advertising revenue due to the diversion of a consumer's initial interest in Nissan vehicles. As in *Brookfield*, the defendant is improperly appropriating the plaintiffs' goodwill. Thus, in regards to its Internet-related activity, the defendant's "product" is the exploitation of customer confusion. Accordingly, this factor weighs in favor of the plaintiffs.

d. *Overlapping Marketing Channels*

Both parties also use the Internet as a marketing and advertising channel. This factor further exacerbates the likelihood of confusion, and therefore weighs in the plaintiffs' favor. *See Brookfield*, 174 F.3d at 1057.

e. *Actual Confusion*

Another important factor in this case is actual consumer confusion. The plaintiffs submit evidence that consumers send e-mail inquires about Nissan vehicles to the defendant at "info@nissan.com," and frequently search for information

on Nissan vehicles at the nissan.com website. (Schindler decl. re: Prelim. Inj. Exs. H, I.)

The plaintiffs also submit strong evidence of initial interest confusion. Survey evidence shows that 92% of consumers would expect to find information on cars at the nissan.com and nissan.net websites. (*Id.* Ex. C.) The plaintiffs also submit evidence that the majority of visitors arrive at nissan.com by directly typing in the domain name or by launching from another car-related website. (*Id.* Ex. K.) Accordingly, this factor weighs heavily in the plaintiffs' favor.

f. *Other Factors*

The factors discussed above all weigh in favor of finding a likelihood of confusion. On balance, the remaining *Sleekcraft* factors do not alter this conclusion. As to the intent factor, there is no evidence that the defendant registered the "nissan.com" and "nissan.net" domain names with the intent to confuse consumers. However, an intent to confuse may be inferred from the defendant's alteration of its nissan.com website in August 1999 to display automobile-related information and a confusingly similar logo. Finally, the remaining two factors, degree of care exercised by the consumer and the likelihood of expansion of product lines, are not important in the context of this case.

The Court finds that the plaintiffs have demonstrated both a valid mark and a likelihood of confusion. Accordingly, the Court finds that the plaintiffs have demonstrated a likelihood of success on the merits of their trademark infringement claim.

C. *Balance of Hardships*

As the plaintiffs have demonstrated a likelihood of success on their trademark infringement claim, irreparable injury is presumed. *See* Schwarzer et al., *supra*, ¶13:44 at 13-14 (1999). Here, irreparable injury is also apparent because the defendant is trading on the plaintiffs' goodwill and diverting potential Nissan car customers to other websites.

The defendant argues that the presumption of irreparable harm is rebutted by the plaintiffs' delay in seeking injunctive relief. The Court rejects this argument. The defendant notes that Mr. Nissan has used his surname in business since the 1980s. The defendant also notes that it began using the nissan.com website in 1994, and received a letter from the plaintiffs regarding the website in July 1995. However, the plaintiffs respond that the nissan.com website was altered in August 1999 to maximize and exploit consumer confusion. The plaintiffs argue that they opened settlement discussions soon after discovering these changes in October 1999.

The court finds that the plaintiffs sought timely relief. Accordingly, the defendant has failed to rebut the presumption of irreparable harm.

D. *Terms of Injunction*

The remaining issue is the scope of the injunction. An injunction limiting the use of an infringing personal name should be "carefully tailored to balance the interest in suing one's name against the interest in avoiding public confusion." *E. & J. Gallo Winery*, 967 F.2d at 1288.

The plaintiffs seek an order requiring the defendant to: (1) refrain from offering advertisements, promotions or Internet links on the nissan.com and nissan.net websites; (2) cease providing Internet service on these websites; (3) post a disclaimer informing visitors that these websites are not affiliated with the plaintiffs; (4) include a link to the plaintiffs' website; and (5) cease using the metatag "Nissan" in connection with the websites. Alternatively, the plaintiffs request an order requiring the defendant to transfer the nissan.com and nissan.net websites to the plaintiffs. The defendant does not directly address the terms of the requested injunction.

The Court finds that the likelihood of confusion may be mitigated by less restrictive measures than proposed by the plaintiffs. To reduce confusion, the defendant's websites must prominently display, in the upper portion of the first page of the websites: (1) a caption or statement identifying

the websites as affiliated with Nissan Computer Corporation; and (2) a statement disclaiming affiliation with the plaintiffs and identifying the location of Nissan North America's website. The disclaimer should state something substantially similar to the following: "This website is not affiliated with the Japanese automaker, Nissan Motor Co., or with its North American subsidiary, Nissan North America, Inc. Nissan North America's website is located at www.nissan-usa.com." In addition, the defendant must not display any automobile-related information, advertising, or web links, including links to automobile-related portions of Internet search engines.

The Court finds that the above measures will adequately address consumer confusion. Accordingly, a link to the plaintiffs' website is not required. The defendant may also display non-automobile-related third-party advertisements and links on its websites. Finally, the defendant may continue to conduct and advertise its own computer business, including the provision of Internet services, and may continue to use the word "Nissan" as a metatag.

V. Conclusion

The Court denies the defendant's motion to dismiss for lack of personal jurisdiction and improper venue, and grants the plaintiffs' motion for a preliminary injunction.

IT IS HEREBY ORDERED that the defendant shall immediately, and for the pendency of this action:

(1) post a prominent caption, in the upper portion of the first web page of the nissan.com and nissan.net websites, identifying these websites as affiliated with Nissan Computer Corporation;

(2) post a prominent disclaimer, in the upper portion of the first web page of the nissan.com and nissan.net websites, informing visitors that the nissan.com and nissan.net websites are not affiliated with the plaintiffs and identifying the location of Nissan North America's website; and

(3) refrain from displaying automobile-related information, advertisements, promotions, or Internet links

on the nissan.com and nissan.net websites, except as set forth above.

IT IS FURTHER ORDERED that this Order is granted on the condition that the plaintiffs file a bond in the sum of $100,000 within five business days of entry of this Order to make good such damages, not to exceed said sum, as may be suffered or sustained by defendant if it is subsequently found to be wrongfully restrained hereby.

IT IS SO ORDERED.

/s/ Dean D. Pregerson
UNITED STATES DISTRICT JUDGE

APPENDIX H

[FILED]
[Sep 23 2004]
[Cathy A. Catterson, Clerk]
[U.S. Court of Appeals]

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 02-57148

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation,

Plaintiffs-Appellees,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation,

Defendant-Appellant.

and

THE INTERNET CENTER INC., a North Carolina corporation,

Defendant.

No. 03-55017

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA,

INC., a California corporation, Plaintiffs-Appellants,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation, Defendant-Appellee,

and

THE INTERNET CENTER INC., a North Carolina corporation, Defendant.

No. 03-55144

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs-Appellees,

v.

NISSAN COMPUTER CORPORATION, a North Carolina corporation, and THE INTERNET CENTER, INC., a North Carolina corporation, Defendants-Appellants,

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No. 03-55236

NISSAN MOTOR CO., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs-Appellants,

v.

NISSAN COMPUTER CORPORATION, a

North Carolina corporation, and THE INTERNET CENTER, INC.,
a North Carolina corporation, Defendants-Appellees,

Appeal from the United States District Court
Central District of California

[Filed: September 23, 2004]

ORDER

Before TROTT, RYMER, and THOMAS, Circuit Judges.

The panel has unanimously voted to deny the petition for rehearing and the petition for rehearing en banc.

The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on the petition for rehearing en banc. Fed. R. App. P. 35.

The petition for rehearing and petition for rehearing en banc are DENIED.

APPENDIX I

U.S. CONST. AMENDMENT I

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

15 U.S.C. § 1114(1)(a)

(1) Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

...

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1125(a)(1)

False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(c)(1)

False designations of origin, false descriptions, and dilution forbidden

(c) Remedies for dilution of famous marks

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to–

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(3)

False designations of origin, false descriptions, and dilution forbidden

(c) Remedies for dilution of famous marks

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 11905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

15 U.S.C. § 1125(c)(4)

False designations of origin, false descriptions, and dilution forbidden

(c) Remedies for dilution of famous marks

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

15 U.S.C. § 1254(1)

Courts of appeals; certiorari; certified questions

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree